



**DEPARTMENT OF BUSINESS,  
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Statement of  
**THEODORE E. LIU**  
**Director**

Department of Business, Economic Development, and Tourism  
before the

**COMMITTEE ON FINANCE**

Monday, March 2, 2009

10:30 a.m.

State Capitol, Conference Room 308

in consideration of

**HB 279 HD1**  
**RELATING TO ENERGY**

Chair Oshiro, Vice Chair Lee, and members of the Committee.

The Department of Business, Economic Development, and Tourism (DBEDT) strongly supports HB 279 HD1 which would establish a renewable energy branch in DBEDT to coordinate and support renewable energy initiatives. The positions and funding are identical to those included in the Administration's Biennium Budget.

Rather than exporting billions of dollars every year for the purchase of imported fossil fuels, we could utilize our abundant renewable energy resources - sun, wind, wave, geothermal, biomass, ocean thermal energy, and hydropower - to meet a significant portion of our energy needs.

Renewable energy - even projects not yet developed - can also assist Hawaii **this year** - and the next - if we are smart, organized, focused, and timely in our efforts.

We need to move quickly if we are to bring Federal stimulus energy funding - and these projects - to Hawaii. The first wave of proposals for energy project funding (over \$300 million

for alternative fuel vehicles and infrastructure) is due at the end of this month. It is expected that several more rounds of funding will be made available before summer.

We are well positioned to bring this funding into Hawaii and to develop these projects -- more so than any other state, in fact, since we are the most dependent on petroleum for our energy use -- but we do not currently have the necessary positions established to handle the additional workload.

House Bill 279 HD1 establishes a renewable energy branch, and strengthens the supporting state energy program, to be able to do this.

The timing for this transition is upon us. Many of the technologies have matured and been proven in other locations; others are on the brink of commercialization. We have an agreement between the State and our local utilities to make this transition now. Federal support for renewable energy projects is extremely high, not only via the Hawaii Clean Energy Initiatives but also through the American Recovery and Reinvestment Act of 2009 and other upcoming Federal energy initiatives.

We encourage your strong support of this bill, and thank you for your understanding of the importance and timeliness of this effort for Hawaii.

Thank you for the opportunity to offer these comments.



**HOUSE COMMITTEE ON FINANCE**

March 2, 2008, 10:30 A.M.

Room 308

**(Testimony is 1 page long)**

**TESTIMONY IN SUPPORT OF HB 279 HD1, SUGGESTED AMENDMENT**

Chair Oshiro and members of the committee:

The Blue Planet Foundation supports House Bill 279 HD1, establishing a renewable energy branch in the department of business, economic development, and tourism (DBEDT) to coordinate and promote renewable energy initiatives, clarifying the mission of the energy branch, and providing funding and staffing for energy work.

While Blue Planet supports the idea of a specific “renewable energy” division within DBEDT, we believe that it may be time to consider elevating the level of energy planning and implementation in Hawai'i. If we are serious about ending our addiction to fossil fuel and seek to be powered by 100% clean, renewable, and indigenous sources, the government office charged with guiding the transition deserves greater standing and funding within state government. We would support the creation of a state Hawai'i Energy Security Authority (HESA), something akin to the existing Hawai'i Tourism Authority (HTA). HESA would be a stand-alone entity, tasked with all aspects of planning, permitting, and implementation of Hawaii's clean energy future.

While we appreciate the additional funding and staffing contemplated in HB 279 HD1, we believe the new energy branch—or a new authority such as “HESA”—**should be funded solely from a fee on each barrel of oil imported into the state (as provided in HB 1271 heard by the Finance Committee)**. Particularly during this tight budget year, the identification of external funding sources for expanded programs is imperative. Using an imported oil barrel surcharge is a smart tax-shifting policy to foster greater energy independence by tapping into the source of our problem to fund our preferred future. The concept is to help “internalize” the external costs of certain activities; in this case, charge a fee for products that are damaging to the environment and use that money to help develop our clean energy future. The link is quite clear between the importation of petroleum products and the need for developing clean energy alternatives. Further, by linking the funding to the oil surcharge, as dependency on oil decreases, so does the work of the renewable energy branch or authority, and the budget decreases accordingly. Given Hawaii's energy independence the status, funding, and prioritization it deserves would help ensure that we achieve our clean energy goals.

Thank you for the opportunity to testify.

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