



NEIL ABERCROMBIE
GOVERNOR

RICHARD C. LIM
INTERIM DIRECTOR

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

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Statement of
RICHARD C. LIM
Interim Director

Department of Business, Economic Development, and Tourism
before the

COMMITTEE ON FINANCE

Monday, February 28, 2011

10:30 a.m.

State Capitol, Conference Room 308

in consideration of

HB 1019

RELATING TO SUSTAINABILITY.

Good morning Chair Oshiro, Vice Chair Lee and Members of the Committee. My name is Richard Lim and I'm the Interim Director of the Department of Business, Economic Development, and Tourism (DBEDT).

HB 1019 amends the Environmental Response, Energy, and Food Security Tax to require that 45 cents of the tax be deposited into the Energy Security Special Fund and 45 cents be deposited into the Agricultural Development and Food Security Special Fund.

The Department of Business, Economic Development, and Tourism strongly supports this Administration-proposed bill. This bill will provide a sustainable source of funding for Hawaii's energy office programs and personnel, which are critical to achieving Hawaii's energy security and reducing the State's dependence on imported fossil fuels by at least 70% by 2030.

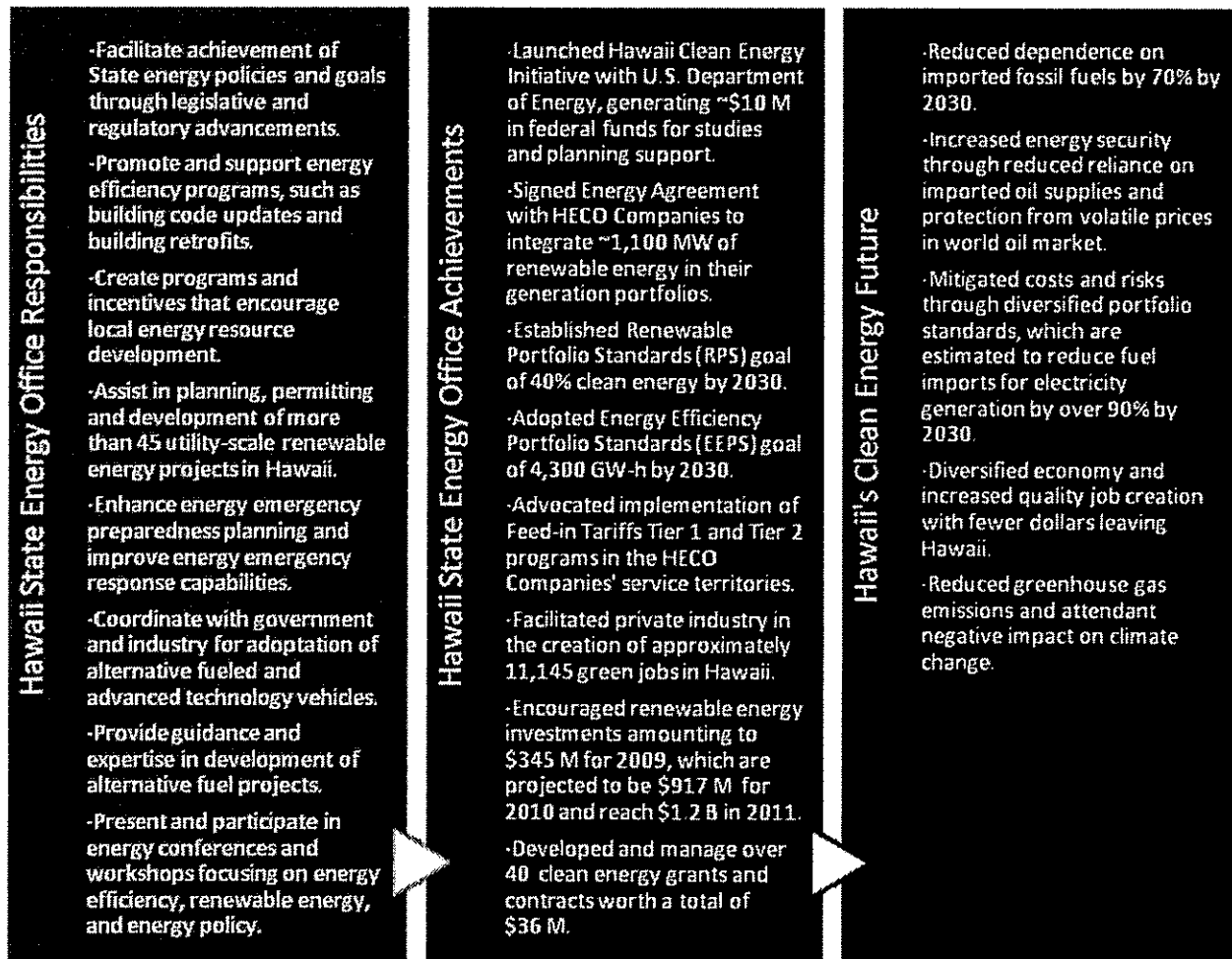
Hawaii State Energy Office Funding to End

Hawaii State Energy Office programs and personnel are currently funded under the Federal State Energy Program Petroleum Violation Escrow Fund (PVE) and the American Recovery and Reinvestment Act of 2009 (ARRA). The PVE and ARRA funds will run out by the end of June 2011 and April 2012, respectively. It is critical and imperative that we establish

a sustainable source of funding for the State Energy Office if we are to continue on our journey towards a clean and sustainable energy future.

Energy Office Essential to Achieving Hawaii's Clean Energy Future

In the last three short years, the State Energy Office has achieved so much and has made a difference in effecting Hawaii's energy transformation. Its responsibilities and achievements demonstrate the breadth and depth of its capability in effecting the transformation of Hawaii's energy landscape. From launching the Hawaii Clean Energy Initiative to reaching statewide renewable portfolio standard levels of 18.8% in 2009, the State Energy Office is essential to driving Hawaii toward its clean energy goals.



Although our team has done so much in such a short period, there is still much to be done. A sustainable and predictable source of funding for energy programs and personnel, such as proposed by this bill, is critical if we are to continue our journey toward a clean energy future.

Addressing General Fund Concerns

In previous hearings, concerns were raised regarding the impact of this bill on the general fund and the Renewable Energy Tax Credit, which is also funded by the general fund. While DBEDT understands these concerns, we must also emphasize the positive impact clean energy investment has on the State.

Clean energy investments in Hawaii are growing as a result of State and private efforts, with estimated green jobs for 2010 at 11,145 positions and projected investments for 2011 at approximately \$1.2 billion. These new clean energy investments and green jobs not only bring about energy security, they also boost the economy and produce tax revenues that would otherwise not exist.

Additionally, figures from a reputable private renewable energy capital investment firm indicates that for every \$1 the State issues in Renewable Energy Tax Credits for power purchase agreement projects, the return to the State in the form of additional tax revenues is approximately \$2. These figures are based on the investment firm's standard project costing model.

As can be seen, providing funding to promote and incentivize clean energy investments bring about additional benefits and tax revenues that would otherwise not exist.

Positive Impact of this Measure

The funding commitment as provided in this measure is recommended by the Hawaii Economic Development Task Force, which the Legislature established through Act 73, Session Laws of Hawaii 2010. The passage of this measure will allow the Hawaii State Energy Office to fully commit to and execute its responsibilities as outlined above.

Given the State's current economic condition, putting Hawaii's residents back to work is the State's top priority, and we believe the clean energy sector is a vital contributor. From planners, architects and attorneys developing projects, to carpenters and electricians building them, to energy consumers enjoying more stable energy prices, many sectors of the economy benefit from clean energy.

DBEDT strongly supports this bill as critical to continuing our long-term commitment to reducing Hawaii's dependence on imported fossil fuels. We respectfully request your committees to support the passage of HB 1019. Thank you for the opportunity to offer these comments in support.



Hawaii Farm Bureau
F E D E R A T I O N

2343 Rose Street, Honolulu, HI 96819
PH: (808)848-2074; Fax: (808) 848-1921

February 28, 2011

TESTIMONY

Re: HB1019 RELATING TO SUSTAINABILITY

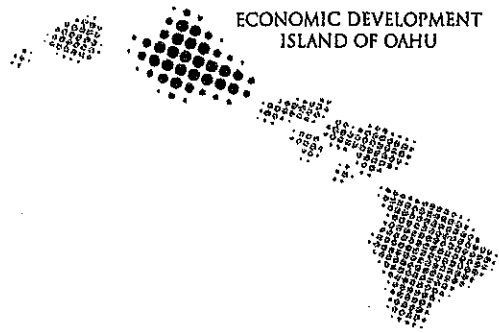
Chair Oshiro and Members of the Committee:

Hawaii Farm Bureau Federation on behalf of our commercial farm and ranch families and organizations across the State **strongly supports HF1019**, amending the allocation of funds in the energy and food security tax.

There are many capital improvement projects urgently needed across the state for agriculture. The reason why agriculture supported this measure in 2010 was to secure a more stable source of funding than the general fund for agricultural infrastructure and development. The types of uses identified in law describe it well. This measure will allow us to return to the intent of the law which is also in the interest of the State to increase agricultural viability and Hawaii's self sufficiency for food and energy.

This measure will be important to meet shortfalls for agriculture in the current General Fund budget.

Thank you for this opportunity to provide our opinion on this important matter. If there are questions, please contact Warren Watanabe at 2819718.



February 26, 2011

Representative Marcus Oshiro
Chair, FIN
Representative Marilyn Lee
Vice Chair, FIN
Hearing on HB1019
State Capitol, Conference Room 308

Aloha Chair Oshiro and Vice Chair Lee,

I am writing to express my strong support for House Bill 1019. As a lead economic development organization in the State of Hawaii, Enterprise Honolulu is actively engaged in activities to revitalize our Agriculture industry (towards food security) and continue to move our state towards the objectives of Energy Self reliance and the Hawaii Clean Energy Initiative.

Enterprise Honolulu assisted in drafting Act 73, the voice of the community which was polled was overwhelmingly weighted towards the request to use the monies being taken for the intent so that Hawaii will realize a shift from our current dependency of imported food and fuel.

The task is large and requires a consistent and endured commitment of financial resources.

I ask for your consideration to support HB1019 as we do our part to work with all parties for a better future for our keiki.

Please feel free to contact me directly should you have any questions.

Sincerely,

Pono Shim
President & CEO
Enterprise Honolulu, Oahu Economic Development Board



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HONOLULU

THE BUSINESS CLIMATE OF PARADISE

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Sierra Club Hawai'i Chapter

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HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION HOUSE COMMITTEE ON AGRICULTURE

February 28, 2011, 10:30 A.M.
(Testimony is 1 page long)

TESTIMONY IN STRONG SUPPORT OF HB 1019

Aloha Chair Oshiro and Members of the Committees:

The Hawai'i Chapter of the Sierra Club *strongly supports* HB 1019, which re-establishes financing necessary to ensure planning and implementation of Hawai'i's energy and food security security. The bill is a smart and needed improvement to last year's historic policy.

We suggest, however, consider funding:

1. **Public Benefit Funds.** Contributions to the existing energy efficiency Public Benefit Funds Administrator (regulated by the Public Utilities Commission), which would directly increase and add efficiency incentives (such as appliance buy-back programs, free home energy audits, solar water heater and compact fluorescent/LED rebates, and other efficiency programs). In addition, contributions could be made into direct incentive programs that are designed to maximize small, local renewable energy sources.
2. **Agricultural land use planning.** It's apparent we need a long term plan that lays out Hawaii's food security future. Where are we going to grow our own food? A small amount of funding to plan our future could go a long way to adopting real and necessary policy changes
3. **Climate change/adaptation planning.** Two years ago, this Legislature passed a Climate Change task force. We suggest allocating a small portion to ensure this task force may proceed.

Mahalo for the opportunity to testify.

FINTestimony

From: mailinglist@capitol.hawaii.gov
ent: Sunday, February 27, 2011 8:16 AM
fo: FINTestimony
Cc: HBPcoop@yahoo.com
Subject: Testimony for HB1019 on 2/28/2011 10:30:00 AM

Testimony for FIN 2/28/2011 10:30:00 AM HB1019

Conference room: 308
Testifier position: support
Testifier will be present: No
Submitted by: Bill Akiona II
Organization: Hawaii BioEnergy Producers Cooperative
Address:
Phone:
E-mail: HBPcoop@yahoo.com
Submitted on: 2/27/2011

Comments:

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, February 27, 2011 8:39 AM
To: FINTestimony
Cc: clk@quixnet.net
Subject: Testimony for HB1019 on 2/28/2011 10:30:00 AM

Testimony for FIN 2/28/2011 10:30:00 AM HB1019

Conference room: 308
Testifier position: comments only
Testifier will be present: No
Submitted by: Carolyn Knoll
Organization: Individual
Address:
Phone:
E-mail: clk@quixnet.net
Submitted on: 2/27/2011

Comments:

We need more money allocated to food security and agricultural development. Since most of our food is shipped from the mainland, food security is one of the most pressing issues for Hawaii considering climate change and the possibility of increasing storm activity. Please consider increasing the current amount.

FINTestimony

From: mailinglist@capitol.hawaii.gov
ent: Sunday, February 27, 2011 12:08 PM
fo: FINTestimony
Cc: damiansempio@yahoo.com
Subject: Testimony for HB1019 on 2/28/2011 10:30:00 AM

Testimony for FIN 2/28/2011 10:30:00 AM HB1019

Conference room: 308
Testifier position: support
Testifier will be present: No
Submitted by: Damian Sempio
Organization: Individual
Address:
Phone:
E-mail: damiansempio@yahoo.com
Submitted on: 2/27/2011

Comments:

FINTestimony

From: mailinglist@capitol.hawaii.gov
ent: Sunday, February 27, 2011 2:35 PM
To: FINTestimony
Cc: palmtree7@earthlink.net
Subject: Testimony for HB1019 on 2/28/2011 10:30:00 AM

Testimony for FIN 2/28/2011 10:30:00 AM HB1019

Conference room: 308
Testifier position: support
Testifier will be present: No
Submitted by: jAnice palma-glennie
Organization: Individual
Address:
Phone:
E-mail: palmtree7@earthlink.net
Submitted on: 2/27/2011

Comments:

This bill will go far towards providing environmental response, energy, and food security. Please vote "yes" on this bill.

Mahalo.