

**DAVID Y. IGE**  
Governor

**SHAN S. TSUTSUI**  
Lt. Governor



**JAMES J. NAKATANI**  
Executive Director

STATE OF HAWAII  
**AGRIBUSINESS DEVELOPMENT CORPORATION**

235 S. Beretania Street, Room 205  
Honolulu, HI 96813  
Phone: (808) 586-0186 Fax: (808) 586-0189

**TESTIMONY OF JAMES J. NAKATANI**  
**EXECUTIVE DIRECTOR**  
**AGRIBUSINESS DEVELOPMENT CORPORATION**

**BEFORE THE SENATE WAYS AND MEANS COMMITTEE**

Friday, February 27, 2015  
1:00 p.m.

**SENATE BILL NO. 359**  
**RELATIING TO THE ENVIRONMENTAL RESPONSE, ENERGY**  
**AND FOOD SECURITY TAX**

Chairperson Tokuda and Members of the Committee:

Thank you for the opportunity to testify on Senate Bill No. 359. The Agribusiness Development Corporation (“ADC”) supports this measure which increases the allocations to the Environmental Response Revolving Fund, the Energy Security Special Fund, and the Agricultural Development and Food Security Special Fund. This measure also makes the Barrel Tax permanent.

While ADC defers to the respective Departments regarding the allocation increases for their respective funds, ADC supports the overall redistribution of the Environmental Response, Energy, and Food Security Tax which was established to reduce the State’s dependence on imported food and fossil fuels. ADC is making strides to grow Hawaii’s agriculture production and realizes the potential

impact this vital source of revenue could have on not only the agriculture industry, but the entire State as a whole. Collectively, these funds will allow the recipients to make critical investments to increase Hawaii's self-sustainability and our State's preparedness to respond to environmental emergencies.

Thank you for the opportunity to testify on this measure.

TESTIMONY BY WESLEY K. MACHIDA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE SENATE COMMITTEE ON WAYS AND MEANS  
ON  
SENATE BILL NO. 359

February 27, 2015

RELATING TO THE ENVIRONMENTAL RESPONSE, ENERGY, AND FOOD  
SECURITY TAX

Senate Bill (S.B.) No. 359 increases the amount of the environmental response, energy, and food security tax (also known as the barrel tax) collections to be deposited into the Environmental Response Revolving Fund (ERRF), Energy Security Special Fund (ESSF), and the Agricultural Development and Food Security Special Fund (ADFSSF). This measure also makes the following permanent:

1) renaming the environmental response tax to the environmental response, energy, and food security tax; 2) establishment of the ADFSSF; 3) amendments to the ERRF and ESSF; and 4) allocations of the environmental response, energy, and food security tax to the ERRF, ESSF, Energy Systems Development Special Fund (ESDSF), and ADFSSF.

The Department of Budget and Finance (B&F) has serious concerns with increasing the distribution of the barrel tax beyond what is proposed in S.B. No. 1061 (increases distribution to the ADFSSF by 10 cents) and S.B. No. 1118 (increases distribution to the ERRF by 10 cents). The current general fund financial plan does not take into account any additional distributions of the barrel tax away from the general fund.

Below is a breakdown of the current and proposed barrel tax distribution.

<u>Fund</u>	<u>Distribution of Barrel Tax</u>	
	<u>Current*</u>	<u>Proposed</u>
ERRF	\$ .05	\$ .15
ESSF	\$ .15	\$ .40
ESDSF	\$ .10	\$ .10
ADFSSF	\$ .15	\$ .40
General Fund	<u>\$ .60</u>	<u>\$ .00</u>
Total Distribution	\$1.05	\$1.05

\*Current barrel tax is \$1.05.

It is estimated that this bill could result in an additional general fund revenue loss of about \$12.6 million beyond what is included in the Administration's general fund financial plan.



**STATE OF HAWAII**  
**DEPARTMENT OF HEALTH**  
P. O. Box 3378  
Honolulu, HI 96801-3378  
doh.testimony@doh.hawaii.gov

**Testimony in SUPPORT of S.B. 359**  
**Relating to the Environmental Response, Energy, and Food Security Tax**

SENATOR JILL N. TOKUDA, CHAIR  
SENATE COMMITTEE ON WAYS AND MEANS

Hearing Date: **February 27, 2015**  
**1:00 p.m.**

Room Number: 211

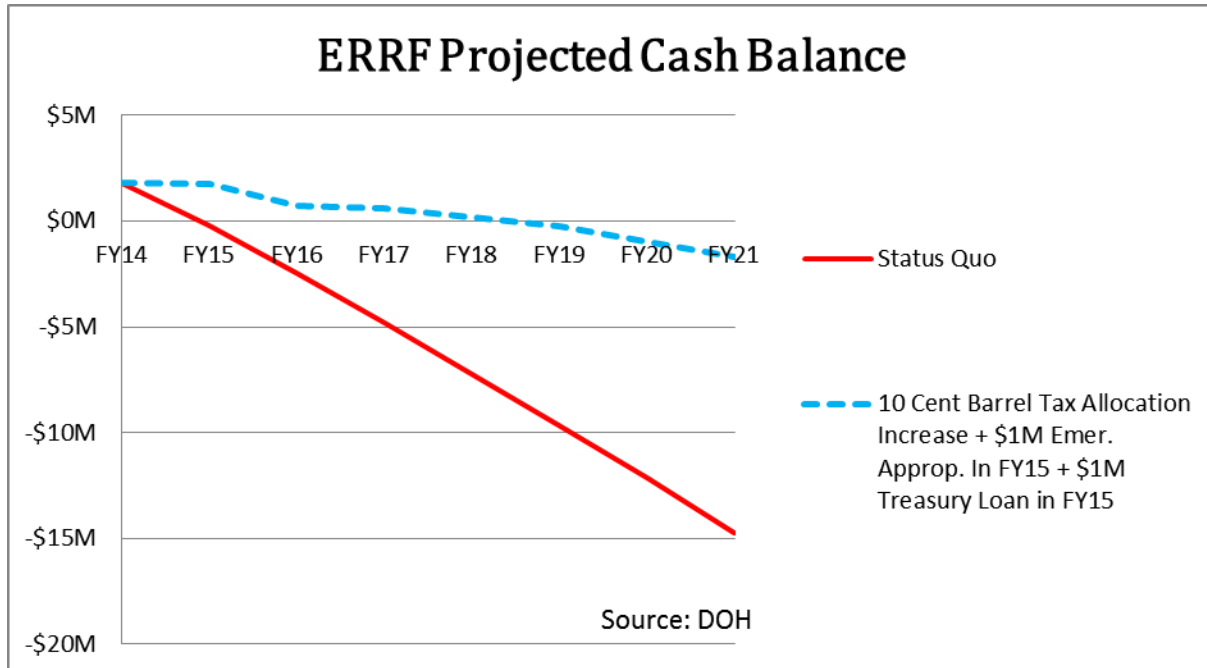
1 **Fiscal Implications:** May reduce the amount of barrel tax money that is diverted into the  
2 general fund by approximately \$13,200,000 per year.

3 **Department Testimony:** The Department **SUPPORTS** this measure, which requests a 15 cent  
4 allocation from the Environmental Response, Energy, and Food Security Tax (“Barrel Tax”) for  
5 the Department’s Environmental Response Revolving Fund (ERRF). The ERRF currently  
6 receives 5 cents of the \$1.05 Barrel Tax that is levied on every barrel of oil imported into  
7 Hawaii. However, the ERRF’s Barrel Tax allocation is insufficient to sustain the 41 positions  
8 (31 filled positions) that depend on the ERRF for funding. These include positions that respond  
9 to oil spills and hazardous material releases, as well as positions that work on environmental  
10 issues, like State water quality monitoring, contaminated site remediation, and management of  
11 solid and hazardous waste.

12 While Hawaii’s transition to renewable energy is undoubtedly of great benefit to the State, the  
13 State’s reduced consumption of oil means that ERRF revenues have steadily declined by ~5%  
14 per year and the Fund is on a path to drop below zero balance before the end of this fiscal year.  
15 The Department has done a number of things to try to sustain the ERRF during this time of  
16 financial crisis, including instituting a hiring freeze and unencumbering contracts to improve  
17 cash flow, but this has only succeeded in extending the time until the ERRF reaches zero balance  
18 by a few months. Without adequate ERRF capitalization, the Department will need to begin the  
19 process of laying off program staff as early as April 2015.

20 In order to remedy this situation, the Department has separately requested a one-time Emergency  
21 Appropriation of \$1,050,000 in the Governor’s Package (H.B. 949/S.B. 1118), which would help  
22 it to meet its financial obligations and cover payroll through the end of FY 2015. The  
23 Department has also requested a \$1 million loan from the State Treasury, which the Department

1 of Budget and Finance and the Governor’s Office are currently considering. The Department of  
2 Health anticipates that it would repay this loan in FY 2016. The Emergency Appropriation,  
3 Treasury Loan, and 10 cent Barrel Tax allocation increase would sustain the ERRF until FY  
4 2018 (see graph below), and would help ensure the Department’s ongoing ability to support the  
5 41 ERRF-funded positions while it works on finding a more viable, long-term source of funding.



6  
7 The Department of Health defers to the Department of Agriculture and the Department of  
8 Business, Economic Development, and Tourism regarding the Barrel Tax allocation increases for  
9 their respective special funds.  
10 Thank you for the opportunity to provide testimony on this important measure.



**Testimony of Hawai'i Green Growth in Support of SB 359**  
**Relating to the Environmental Response, Energy and Food Security Tax**  
**Senate Committee on Ways and Means**  
27 February 2015, 1:00pm, Room 211

Audrey Newman  
Hawai'i Green Growth  
P.O. Box 535 Ho'olehua, Hawai'i 96729

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*Hawai'i Green Growth is a voluntary partnership of more than 70 state, county, federal, business, and non-governmental leaders from energy, food production, natural resources, waste reduction, planning, green jobs, and other sectors who have come together to support a shared statewide commitment and tangible actions toward sustainability and a model green economy.*

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Aloha Chair Tokuda, Vice Chair Kouchi, and Members of the Committee:

**Hawai'i Green Growth (HGG) strongly supports SB359** which increases the Environmental Response, Energy and Food Security Tax allocations for strategic, long-term funding to support critical environmental preparedness and response and solid waste reduction (\$0.15), clean energy transformation (\$0.40), food security programs (\$0.40), and Hawai'i Natural Energy Institute (\$0.10).

The Environmental Response, Energy and Food Security Tax is critical to maintain basic and existing functions of the Department of Health's emergency environmental response programs. It also provides important, ongoing support for the development and implementation of actions that will achieve the Hawai'i Clean Energy Initiative's goal to reduce the State's dependence on imported fossil fuels by 70% in 2030, and the Department of Agriculture programs aimed to at least double local food production by 2030.

SB539 will help advance action on the *Aloha+ Challenge: A Culture of Sustainability – He Nohona 'Ae'oi'a*, a joint leadership commitment to achieve six sustainability targets by 2030 in the areas of clean energy, local food production, natural resource management, solid waste reduction, smart growth and climate resilience, green jobs and education. The *Aloha+ Challenge* was unanimously endorsed by the 2014 Legislature (SCR 69) and signed by Hawai'i's Governor, Mayors and Office of Hawaiian Affairs. It was also internationally recognized as a model of integrated sustainability at the UN Conference on Small Island Developing States in Samoa.

We ask you to support this bill to make critical investments that will allow these sectors to achieve their goals in increasing Hawai'i's self-sufficiency and provide reliable funding to ensure Hawai'i is ready to respond to environmental emergencies.

Mahalo,

A handwritten signature in black ink that reads "Audrey Newman".

**Audrey Newman**

Senior Advisor, Hawai'i Green Growth (HGG)

*Bringing leaders together to achieve sustainability in Hawai'i & be a model for a green economy*

<http://www.hawaii greengrowth.org>



COLLEGE OF SOCIAL SCIENCES  
**HAWAII ENERGY POLICY FORUM**  
UNIVERSITY OF HAWAI'I AT MĀNOA

Written Testimony of Sharon Moriwaki  
Co-Chair, Hawaii Energy Policy Forum

**Hawaii Energy Policy Forum**

Jeanne Schultz Afuvai, HI Inst. for Public Affairs  
Joseph Boivin, Hawai'i Gas  
Warren Bollmeier, HI Renewable Energy Alliance  
Albert Chee, Chevron  
Elizabeth Cole, The Kohala Center  
Leslie Cole-Brooks, HI Solar Energy Assn  
Kyle Datta, Ulupono Initiative  
Mitch Ewan, UH HI Natural Energy Institute  
Jay Fidell, ThinkTech HI, Inc.  
Carl Freedman, Haiku Design & Analysis  
Sen. Mike Gabbard, HI State Senate  
Dan Giovanni, Hawaiian Electric Company  
Mark Glick, State Energy Office, DBEDT  
Justin Gruenstein, City & Co. of Honolulu  
Dale Hahn, Ofc of US Sen Brian Schatz  
Michael Hamnett, Research Corp. of the UH  
Randy Iwase, Public Utilities Commission  
Rachel James, Ofc of US Rep. Tulsi Gabbard  
Jim Kelly, Kaua'i Island Utility Cooperative  
Darren Kimura, Energy Industries  
Kelly King, Sustainable Biodiesel Alliance  
Rep Chris Lee, HI House of Representatives  
Gladys Marrone, Building Industry Assn of HI  
Doug McLeod, Maui County  
Stephen Meder, UH Facilities and Planning  
Sharon Moriwaki, UH So. Sci. Public Policy Ctr  
Ron Nelson, U.S. Defense Energy Support Center  
Tim O'Connell, U.S. Dept of Agriculture  
Jeffrey Ono, Division of Consumer Advocacy, DCCA  
Darren Pai, Hawaiian Electric Company  
Melissa Pavlicek, Hawaii Public Policy Advocates  
Randy Perreira, HI Government Employees Assn  
Rick Rocheleau, UH HI Natural Energy Institute  
Will Rolston, Hawai'i County  
Riley Saito, SunPower Systems Corp  
Joelle Simonpietri, U.S. Pacific Com. Energy Ofc  
H. Ray Starling, Hawaii Energy  
Ben Sullivan, Kaua'i County  
Lance Tanaka, Hawaii Independent Energy  
Maria Tome, Public Utilities Commission  
Alan Yamamoto, Ofc of Sen Mazie Hirono  
Ah Linn Yamane, HI Government Employees Assn

Before the  
Senate Committee on Ways and Means  
Friday, February 27, 2015 at 1:00 pm in Conference Room 211

**IN SUPPORT OF SB 359** Relating to the Environmental Response, Energy, and Food Security Tax

Chair Tokuda, Vice Chair Kouchi, and Members of the Committee,

I am Sharon Moriwaki, co-chair of the Hawaii Energy Policy Forum (Forum). The Forum, created in 2002, is comprised of over 40 representatives from Hawaii's electric utilities, oil and natural gas suppliers, environmental and community groups, renewable energy industry, and federal, state and local government, including representatives from the neighbor islands. Our vision and mission, and comprehensive "10 Point Action Plan" serves as a guide to move Hawaii toward its preferred energy goals and our support for this bill.

SB359 proposes amendments to *Section 243-3.5, Hawaii Revised Statutes* (the environmental response, energy, and food security tax ("EREFS tax") collected on petroleum products) to: (1) increase the allocations to the environmental response revolving fund ("environmental fund"), the energy security special fund ("energy fund"), and the agricultural development and food security special fund ("agriculture fund"); and (2) make the agriculture fund and allocations of the EREFS tax permanent.

The Forum supports this measure that would allocate the entire EREFS tax to be used for its intended purposes, and make those allocations permanent.

In passing Act 73, SLH 2010, Legislature found "that it is in the best interests of Hawaii's people to build the capacity we need to become self-sufficient in our energy and food needs and to protect the health and function of our environment." It also found "that undertaking the important task of energy and food security requires a long-term commitment and the investment of substantial financial resources."

While the legislature unambiguously declared the purposes for imposing the tax, most of the money collected has not gone to fulfill them. Sixty cents of every \$1.05 collected has gone to the State's general fund.

From leaking fuel tanks and crop pests, to the explosive adoption of rooftop PV systems, recent events have highlighted the critical need to invest in the protection of our environment and security and sustainability of our food and energy resources. We must do all we can to get things right.

Current EREFS tax allocations have helped us make big strides, including the ongoing operation of some offices, and solution-focused projects are necessary to make real progress. This bill would provide additional investment to support projects that are needed to develop, demonstrate and help bring to market technologies and initiatives that will help Hawaii achieve its clean energy goals.

The Forum supports SB359, and respectfully urges passage of the bill.

Thank you for the opportunity to testify.

*This testimony reflects the position of the Forum as a whole and not necessarily of the individual Forum members or their organizations.*



P.O. Box 253, Kunia, Hawai'i 96759  
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February 27, 2015

HEARING BEFORE THE  
SENATE COMMITTEE ON WAYS AND MEANS

TESTIMONY ON SB 359  
RELATING TO ENVIRONMENTAL RESPONSE, ENERGY, AND FOOD SECURITY  
TAX

Room 211  
1:00 PM

Aloha Chair Tokuda, Vice Chair Kouchi, and Members of the Committee:

I am Christopher Manfredi, President of the Hawaii Farm Bureau (HFB). Organized since 1948, the HFB is comprised of 1,932 farm family members statewide, and serves as Hawaii's voice of agriculture to protect, advocate and advance the social, economic and educational interest of our diverse agricultural community.

**HFB supports SB 359**, which increases the amount of the environmental response, energy, and food security tax (barrel tax) collections to be deposited into the environmental response revolving fund, energy security special fund, and agricultural development and food security special fund. It also makes the barrel tax permanent.

The barrel tax was intended to support critical investments in clean energy, local agricultural production, and environmental response to reduce the State's dependence on imported fossil fuels and food products. As an organization opposed to new taxes, HFB took an unusual step by supporting the barrel tax. It was a desperate move by the industry to secure stable funding for Hawaii's agricultural industry.

The barrel tax was originally intended to increase local capacity to grow and produce import replacement products in order to fulfill the State's vision for increased self-sufficiency and sustainability. During the economic downturn, proceeds from this fund were reallocated to balance the budget. We understand that some of the proceeds continued to benefit agriculture.

As our economy rebounds, it is time to restore the original intent of the measure to focus to import replacements and to meet new needs of agriculture. We respectfully request your strong support of this measure along with consideration of reallocation of funds.

## BOARD OF WATER SUPPLY

CITY AND COUNTY OF HONOLULU  
630 SOUTH BERETANIA STREET  
HONOLULU, HI 96843




February 27, 2015

KIRK CALDWELL, MAYOR

DUANE R. MIYASHIRO, Chair  
ADAM C. WONG, Vice Chair  
THERESIA C. McMURDO  
DAVID C. HULIHEE

ROSS S. SASAMURA, Ex-Officio  
FORD N. FUCHIGAMI, Ex-Officio

ERNEST Y. W. LAU, P.E.  
Manager and Chief Engineer

ELLEN E. KITAMURA, P.E.  
Deputy Manager and Chief Engineer 

The Honorable Jill Tokuda and Members  
Committee on Ways and Means  
The Senate  
Hawaii State Capitol, Room 211  
415 South Beretania Street  
Honolulu, Hawaii 96813

Dear Chair Tokuda and Members:

Subject: Senate Bill 359: Relating to the Environmental Response, Energy,  
And Food Security Tax

We strongly support the intent of Senate Bill 359 to protect our environment and natural resources by changing the amount deposited into the Environmental Response Revolving Fund from 5 to 15 cents. The change will provide the state greater resources to insure our environment and groundwater aquifers are protected from the impacts of leaking underground fuel storage tanks.

The Board of Water Supply is very concerned about the threats of leaking underground fuel tank releases on Oahu's irreplaceable groundwater aquifer. Studies on the Red Hill Fuel Storage Facility indicate past fuel releases have already contaminated the groundwater and soil underneath the Facility with petroleum hydrocarbons. Providing the state with greater resources to regulate and manage situations like Red Hill now is prevention that will cost significantly less than the cost to clean up large scale contamination to the aquifer and environment after it occurs.

We support every effort to address this situation today to save our most precious resource – the groundwater aquifer – now and into the future.

Thank you for the opportunity to testify.

Very truly yours,



ERNEST Y. W. LAU, P.E.  
Manager and Chief Engineer

THE SENATE  
THE TWENTY-EIGHTH LEGISLATURE  
REGULAR SESSION OF 2015

COMMITTEE ON WAYS AND MEANS  
Senator Jill N. Tokuda, Chair  
Senator Ronald D. Kouchi, Vice Chair

NOTICE OF DECISION MAKING

DATE: Friday, February 27, 2015  
TIME: 1:00 PM  
PLACE: Conference Room 211  
State Capitol  
415 South Beretania Street

A G E N D A

The following measures were previously heard in their respective standing committees:

<u>SB 40, SD2</u> <u>(SSCR524)</u> <u>Status &amp;</u> <u>Testimony</u>	RELATING TO LICENSING. Establishing the behavior analyst program within the department of commerce and consumer affairs. Establishes licensing requirements for behavior analysts. Appropriates funds for the implementation of the behavior analyst program. (SD2)	CPN, WAM
<u>SB 1028, SD1</u> <u>(SSCR227)</u> <u>Status &amp;</u> <u>Testimony</u>	RELATING TO THE HAWAII HEALTH CONNECTOR. Aligns state law with certain provisions of the Affordable Care Act by requiring qualified health plans in the connector to contract with federally-qualified health centers and utilize payment methodology as specified in the federal Social Security Act. Retains current financial and service benefits of the Hawaii health connector. Enhances the availability of services through the connector. Authorizes the State of Hawaii to guarantee debentures issued by the connector. Specifies the Hawaii hurricane relief fund shall be authorized to guarantee, approve, and oversee the issuance of the debentures by the connector. Effective 07/01/2050. (SD1)	CPN, WAM
<u>SB 1341, SD1</u> <u>(SSCR180)</u> <u>Status &amp;</u> <u>Testimony</u>	RELATING TO THE STATE AFFORDABLE CARE ACT INNOVATION WAIVER. Provides resources to develop a waiver from certain provisions of the federal Patient Protection and Affordable Care Act of 2010. Appropriates funds. (SD1)	CPN, WAM
<u>SB 1032, SD1</u> <u>(SSCR82)</u> <u>Status &amp;</u> <u>Testimony</u>	RELATING TO CHAPTER 245, HAWAII REVISED STATUTES. Expands the definition of "tobacco products". Increases the license fee for persons engaged as a wholesaler or dealer of cigarettes or tobacco products. Increases the retail tobacco permit fee for retailers engaged in the retail sale of cigarettes and tobacco products. Effective January 1, 2016. (SD1)	CPN, WAM

<p><b><u>SB 1220, SD1</u></b>  <u>(SSCR80)</u>  <u>Status &amp;</u>  <u>Testimony</u></p>	<p>RELATING TO CHAPTER 245, HAWAII REVISED STATUTES.  Expands the definition of "tobacco products" to include any product containing nicotine, but not containing tobacco. Imposes an excise tax equal to eighty per cent of the wholesale price of any tobacco product, other than large cigars, sold by a wholesaler or dealer on and after January 1, 2016, whether or not sold at wholesale, or if not sold then at the same rate upon the use by the wholesaler or dealer. Requires any increase in the excise tax rate imposed on cigarettes or little cigars on or after 1/1/2016 to trigger an automatic excise tax increase on other tobacco products, other than large cigars, on or after 1/1/2016. Requires the additional moneys collected under the excise tax to be deposited to the credit of the Hawaii cancer research special fund. (SD1)</p>	<p>CPN, WAM</p>
<p><b><u>SB 1093, SD1</u></b>  <u>(SSCR39)</u>  <u>Status &amp;</u>  <u>Testimony</u></p>	<p>RELATING TO MORTGAGE SERVICERS.  Clarifies mortgage servicer requirements under chapter 454M, Hawaii Revised Statutes, including licensing requirements, crediting of payments, escrows for payment of taxes and insurance, payoff statements, delinquencies and loss mitigation efforts, borrower complaints, fee disclosures, record maintenance, assignment of servicing rights, and prohibited activities. Establishes bonding requirements. (SD1)</p>	<p>CPN, WAM</p>
<p><b><u>SB 1262, SD1</u></b>  <u>(SSCR225)</u>  <u>Status &amp;</u>  <u>Testimony</u></p>	<p>RELATING TO THE SECURE AND FAIR ENFORCEMENT FOR MORTGAGE LICENSING ACT.  Permits the commissioner of financial institutions to make a finding to adjust the assessed mortgage loan recovery fund fee once the mortgage loan recovery fund reaches its target balance. (SD1)</p>	<p>CPN, WAM</p>
<p><b><u>SB 1094, SD1</u></b>  <u>(SSCR178)</u>  <u>Status &amp;</u>  <u>Testimony</u></p>	<p>RELATING TO INSURANCE.  Makes various updates to title 24 of the Hawaii Revised Statutes, relating to insurance, including: making fees consistent for applications and services provided by the insurance division of the department of commerce and consumer affairs to purchasing groups, foreign risk retention groups, insurers subject to chapter 431, HRS, fraternal benefit societies, mutual benefit societies, health maintenance organizations, and dental insurers; enabling the insurance division to recover certain administrative costs associated with the applications process and services provided by the division; and making housekeeping amendments. (SD1)</p>	<p>CPN, WAM</p>
<p><b><u>SB 1178, SD1</u></b>  <u>(SSCR102)</u>  <u>Status &amp;</u>  <u>Testimony</u></p>	<p>RELATING TO HEALTH.  Increases the authorized benefit for acupuncture treatments allowed under personal injury protection benefits provided through motor vehicle insurance. Ties increases in payments for acupuncture treatments in with annual increases, if any, to the medicare economic index. Effective July 1, 2020. (SD1)</p>	<p>CPN, WAM</p>

<p><b><u>SB 1096, SD1</u></b>  <u>(SSCR53)</u>  <u>Status &amp;</u>  <u>Testimony</u></p>	<p>RELATING TO ON-BILL PROGRAMS.  Exempts electric utilities acting as billing and collections agents for an on-bill program from various state taxes and state laws regulating financial institutions, escrow depositories, or collection agencies. Effective July 1, 2020. (SD1)</p>	<p>CPN, WAM</p>
<p><b><u>SB 359</u></b>  <u>(SSCR136)</u>  <u>Status &amp;</u>  <u>Testimony</u></p>	<p>RELATING TO THE ENVIRONMENTAL RESPONSE, ENERGY, AND FOOD SECURITY TAX.  Increases the amount of the environmental response, energy, and food security tax collections to be deposited into the environmental response revolving fund, energy security special fund, and agricultural development and food security special fund. Makes permanent: (1) the renaming of the environmental response tax to the environmental response, energy, and food security tax; (2) the establishment of the agricultural development and food security special fund; (3) amendments to the environmental response revolving fund and energy security special fund; and (4) allocations of the environmental response, energy, and food security tax to the environmental response revolving fund, energy security special fund, energy systems development special fund, and agricultural development and food security special fund.</p>	<p>ENE/AGL, WAM</p>
<p><b><u>SB 1050, SD1</u></b>  <u>(SSCR267)</u>  <u>Status &amp;</u>  <u>Testimony</u></p>	<p>RELATING TO ENERGY.  Establishes the community-based renewable energy program, which allows the public utilities commission to establish a tariff that allows all electric utility customers to obtain an interest in a portion of an eligible renewable energy project that is providing electricity to the electric utility and receive compensation for the energy provided to the electric utility. (SD1)</p>	<p>ENE/CPN, WAM</p>
<p><b><u>SB 1150</u></b>  <u>(SSCR58)</u>  <u>Status &amp;</u>  <u>Testimony</u></p>	<p>RELATING TO TAXATION.  Amends session law to repeal the sunset provision relating to the tax on naphtha fuel sold for use in a power generating facility, thereby making the amendments made by Act 103, Session Laws of Hawaii 2007, permanent.</p>	<p>ENE, WAM</p>
<p><b><u>SB 349, SD1</u></b>  <u>(SSCR70)</u>  <u>Status &amp;</u>  <u>Testimony</u></p>	<p>RELATING TO TAXATION.  Establishes a renewable fuels production tax credit and repeals the ethanol facility tax credit. Allows qualifying taxpayers to claim a refundable income tax credit equal to 20 cents per seventy six thousand British thermal units of renewable fuel, capped at \$3,000,000 per year for up to five years. Caps the credit at \$12,000,000 per year in aggregate. Requires the department of business, economic development, and tourism to certify all tax credits and submit a report regarding the production and sale of renewable fuels to the governor and legislature each year. Directs the department of taxation to create forms for the tax credit. Applies to taxable years beginning after December 31, 2015. (SD1)</p>	<p>ENE, WAM</p>

<p><b><u>SB 1051, SD1</u></b>  <u>(SSCR195)</u>  <u>Status &amp;</u>  <u>Testimony</u></p>	<p>RELATING TO FUEL CELL ELECTRIC VEHICLES.  Expands the definition of electric vehicles to include fuel cell electric vehicles for purposes of parking exemptions, HOV lane use, registration, and required parking spaces in places of public accommodation. (SD1)</p>	<p>ENE/TRA/GVO,  WAM</p>
<p><b><u>SB 710</u></b>  <u>(SSCR83)</u>  <u>Status &amp;</u>  <u>Testimony</u></p>	<p>RELATING TO THE STATE INTEGRATED SOLID WASTE MANAGEMENT PLAN.  Appropriates funds to the department of health to support the revision of the state integrated solid waste management plan.</p>	<p>ENE, WAM</p>
<p><b><u>SB 498, SD1</u></b>  <u>(SSCR520)</u>  <u>Status &amp;</u>  <u>Testimony</u></p>	<p>RELATING TO WASTE MANAGEMENT.  Beginning July 1, 2015, requires that all state and county agency contracts and private entity contracts that include disposal of liquid or solid waste that require disposal in a permitted waste facility to provide a receipt that the waste was received and disposed of at a permitted waste facility before payment is made for those contractual services. (SD1)</p>	<p>ENE/GVO/PSM,  WAM</p>
<p><b><u>SB 1260</u></b>  <u>(SSCR431)</u>  <u>Status &amp;</u>  <u>Testimony</u></p>	<p>RELATING TO RECYCLING.  Mandates the recommendations made by the office of the auditor to the department of health regarding advance disposal fee glass containers and glass recycling. Requires the department of health to report on its implementation of the recommendations to the legislature.</p>	<p>ENE/HTH, WAM</p>
<p><b><u>SB 1111, SD1</u></b>  <u>(SSCR434)</u>  <u>Status &amp;</u>  <u>Testimony</u></p>	<p>RELATING TO WATER INFRASTRUCTURE.  Authorizes the department of health to transfer federal capitalization grant funds between the water pollution control revolving fund and the drinking water treatment revolving loan fund, in accordance with title 40 Code of Federal Regulations section 35.3530(c). (SD1)</p>	<p>ENE/HTH, WAM</p>
<p><b><u>SB 1272, SD1</u></b>  <u>(SSCR135)</u>  <u>Status &amp;</u>  <u>Testimony</u></p>	<p>RELATING TO CESSPOOLS.  Provides a temporary income tax credit for the cost of converting a cesspool to a septic system or an aerobic treatment unit system or connecting a cesspool to a sewer system. (SD1)</p>	<p>ENE, WAM</p>
<p><b><u>SB 750</u></b>  <u>(SSCR175)</u>  <u>Status &amp;</u>  <u>Testimony</u></p>	<p>RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST ANAERGIA INCORPORATED.  Authorizes the issuance of special purpose revenue bonds to assist Anaergia Incorporated with the development of facilities for renewable nonfossil fuel energy production in Maui.</p>	<p>ENE, WAM</p>
<p><b><u>SB 1042</u></b>  <u>(SSCR173)</u>  <u>Status &amp;</u>  <u>Testimony</u></p>	<p>AUTHORIZING THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS FOR SUNSTRONG LLC, A RENEWABLE ENERGY DEVELOPER SERVING THE GENERAL PUBLIC IN PROVIDING ELECTRIC ENERGY.  Authorizes the issuance of special purpose revenue bonds to SunStrong LLC, a renewable energy developer, for the provision of electric energy and installation of renewable energy projects in Hawaii.</p>	<p>ENE, WAM</p>

<p><b><u>SB 1047, SD1</u></b>  <u>(SSCR172)</u>  <u>Status &amp;</u>  <u>Testimony</u></p>	<p>AUTHORIZING THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST PELATRON Q, LLC.          Authorizes the issuance of special purpose revenue bonds to assist Pelatron Q, LLC, with the development of waste-to-energy power plants in Hawaii. (SD1)</p>	<p>ENE, WAM</p>
<p><b><u>SB 1214</u></b>  <u>(SSCR266)</u>  <u>Status &amp;</u>  <u>Testimony</u></p>	<p>RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST HAWAIIAN ELECTRIC COMPANY, INC., MAUI ELECTRIC COMPANY, LIMITED, AND HAWAII ELECTRIC LIGHT COMPANY, INC.          Authorizes the issuance of special purpose revenue bonds to assist Hawaiian Electric Company, Inc., Maui Electric Company, Limited, and Hawaii Electric Light Company, Inc.</p>	<p>ENE/CPN, WAM</p>
<p><b><u>SB 618</u></b>  <u>(SSCR176)</u>  <u>Status &amp;</u>  <u>Testimony</u></p>	<p>RELATING TO SEAWATER AIR CONDITIONING.          Extends the lapsing date to 1/30/2020, of the special purpose revenue bonds issued to assist Honolulu Seawater Air Conditioning in building seawater air conditioning projects on Oahu. Effective 1/29/2015.</p>	<p>ENE, WAM</p>
<p><b><u>SB 619</u></b>  <u>(SSCR174)</u>  <u>Status &amp;</u>  <u>Testimony</u></p>	<p>RELATING TO SPECIAL PURPOSE REVENUE BONDS TO ASSIST SEAWATER AIR CONDITIONING PROJECTS ON OAHU.          Extends the authorization to issue special purpose revenue bonds for Honolulu Seawater Air Conditioning LLC.</p>	<p>ENE, WAM</p>
<p><b><u>SB 728, SD1</u></b>  <u>(SSCR153)</u>  <u>Status &amp;</u>  <u>Testimony</u></p>	<p>RELATING TO GOVERNMENT CONTRACTS.          Requires equal pay for similar work for any employee performing services under certain government contracts. Establishes a requirement for government contractors to report wages paid to employees, by gender. Provides penalties for contractors found to be in violation of these practices, including liquidated damages and suspension from government contract work. Also prohibits contractors on certain government contracts from retaliating against employees who disclose wage information. (SD1)</p>	<p>GVO/JDL, WAM</p>
<p><b><u>SB 216, SD1</u></b>  <u>(SSCR495)</u>  <u>Status &amp;</u>  <u>Testimony</u></p>	<p>RELATING TO WAGES AND HOURS ON PUBLIC WORKS.          For government public works construction contracts greater than \$2,000, provides that overtime compensation be not less than 1-1/2 times the laborer's or mechanic's basic hourly rate of pay plus fringe benefits and that if the department of labor and industrial relations determines that the prevailing wage is determined by a group represented by collective bargaining, then the overtime and any other premium shall be at the same rates set by the collective bargaining agreement. Specifies that the overtime rate be as specified in the collective bargaining agreement when the basic hourly rate is based on a collective bargaining agreement. (SD1)</p>	<p>GVO/JDL, WAM</p>

<u>SB 165, SD1</u> <u>(SSCR243)</u> <u>Status &amp;</u> <u>Testimony</u>	RELATING TO STATE FACILITIES. Establishes DAGS as the department responsible for negotiating and processing leases for state departments. Requires DAGS to facilitate facility agreements between the State and private investors. Effective 07/01/2050. (SD1)	GVO, WAM
<u>SB 1228, SD1</u> <u>(SSCR492)</u> <u>Status &amp;</u> <u>Testimony</u>	RELATING TO PROCUREMENT. Establishes the special innovative procurement process for procurement of supplies, services, professional services, and construction. Requires the procurement policy board to establish procedures for use of the special innovative procurement process. Requires the procurement policy board to develop draft rules regarding public-private partnerships in Hawaii, and to report the draft rules and any proposed legislation to the legislature. Makes an appropriation to fund a temporary position to assist the procurement policy board in drafting rules. (SD1)	GVO, WAM
<u>SB 435, SD1</u> <u>(SSCR132)</u> <u>Status &amp;</u> <u>Testimony</u>	RELATING TO HAWAIIAN PLANTS. Subject to exceptions, requires all plans, designs, and specifications for new or renovated landscaping of State-developed buildings, complexes, facilities, or housing to incorporate Hawaiian plants. Effective 6/30/2016. (SD1)	GVO, WAM

**Decision making meeting only, no oral testimony will be accepted.**

**Persons wishing to submit written testimony may do so up to 24 hours prior to the hearing.**

Click [here](#) to submit testimony to the Senate Committee on Ways and Means.

**FOR AMENDED NOTICES:** Measures that have been deleted are stricken through and measures that have been added are underscored. If a measure is both underscored and stricken through, that measure has been deleted from the agenda.

If you require auxiliary aids or services to participate in the public hearing process (i.e. ASL or foreign language interpreter, or wheelchair accessibility), please contact the committee clerk at least 24 hours prior to the hearing so that arrangements can be made.

FOR FURTHER INFORMATION, PLEASE CALL THE COMMITTEE CLERK AT (808) 586-6800.

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Senator Jill N. Tokuda  
Chair

JAN 23 2015

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# A BILL FOR AN ACT

RELATING TO THE ENVIRONMENTAL RESPONSE, ENERGY, AND FOOD  
SECURITY TAX.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1.   The purpose of this Act is to:

2           (1)   Increase allocations of the environmental response,  
3                 energy, and food security tax collected for purposes  
4                 of energy and food security; and

5           (2)   Make certain special funds and allocations of the  
6                 environmental response, energy, and food security tax  
7                 permanent.

8           SECTION 2.   Section 243-3.5, Hawaii Revised Statutes, is  
9   amended by amending subsection (a) to read as follows:

10          "(a)   In addition to any other taxes provided by law,  
11   subject to the exemptions set forth in section 243-7, there is  
12   hereby imposed a state environmental response, energy, and food  
13   security tax on each barrel or fractional part of a barrel of  
14   petroleum product sold by a distributor to any retail dealer or  
15   end user of petroleum product, other than a refiner.  The tax  
16   shall be \$1.05 on each barrel or fractional part of a barrel of



1 petroleum product that is not aviation fuel; provided that of  
2 the tax collected pursuant to this subsection:

3 (1) [~~5~~] 15 cents of the tax on each barrel shall be  
4 deposited into the environmental response revolving  
5 fund established under section 128D-2;

6 (2) [~~15~~] 40 cents of the tax on each barrel shall be  
7 deposited into the energy security special fund  
8 established under section 201-12.8;

9 (3) 10 cents of the tax on each barrel shall be deposited  
10 into the energy systems development special fund  
11 established under section [~~+~~]304A-2169.1[~~+~~]; and

12 (4) [~~15~~] 40 cents of the tax on each barrel shall be  
13 deposited into the agricultural development and food  
14 security special fund established under section 141-  
15 10.

16 The tax imposed by this subsection shall be paid by the  
17 distributor of the petroleum product."

18 SECTION 3. Act 73, Session Laws of Hawaii 2010, as amended  
19 by Act 107, Session Laws of Hawaii 2014, is amended as follows:

20 1. By amending section 10 to read:



# S.B. NO. 359

1           "SECTION 10. [~~Any unexpended or unencumbered funds~~  
 2 ~~remaining in the agricultural development and food security~~  
 3 ~~special fund established by this Act, as of the close of~~  
 4 ~~business on June 30, 2030, shall lapse to the credit of the~~  
 5 ~~general fund.] Repealed."~~

6           2. By amending section 14 to read:

7           "SECTION 14. This Act shall take effect on July 1, 2010 [~~7~~  
 8 ~~provided that sections 2, 3, 4, and 7 of this Act shall be~~  
 9 ~~repealed on June 30, 2030, and sections 128D-2, 201-12-8, and~~  
 10 ~~243-3.5, Hawaii Revised Statutes, shall be reenacted in the form~~  
 11 ~~in which they read on June 30, 2010]."~~

12           SECTION 4. Statutory material to be repealed is bracketed  
 13 and stricken. New statutory material is underscored.

14           SECTION 5. This Act shall take effect on July 1, 2015.

15

INTRODUCED BY:

*Mike Gabbal*

*Bill Laine*

*Franne Chun Oakland*

*Joshua*

*[Signature]*  
*Paul E. [Signature]*



# S.B. NO. 359

**Report Title:**

Energy; Barrel Tax; Environmental Response, Energy, and Food Security Tax

**Description:**

Increases the amount of the environmental response, energy, and food security tax collections to be deposited into the environmental response revolving fund, energy security special fund, and agricultural development and food security special fund. Makes permanent: (1) the renaming of the environmental response tax to the environmental response, energy, and food security tax; (2) the establishment of the agricultural development and food security special fund; (3) amendments to the environmental response revolving fund and energy security special fund; and (4) allocations of the environmental response, energy, and food security tax to the environmental response revolving fund, energy security special fund, energy systems development special fund, and agricultural development and food security special fund.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*



**DAVID Y. IGE**  
Governor

**SHAN S. TSUTSUI**  
Lt. Governor



State of Hawaii  
**DEPARTMENT OF AGRICULTURE**  
1428 South King Street  
Honolulu, Hawaii 96814-2512  
Phone: (808) 973-9600 FAX: (808) 973-9613

**SCOTT E. ENRIGHT**  
Chairperson, Board of Agriculture

**PHYLLIS SHIMABUKURO-GEISER**  
Deputy to the Chairperson

**TESTIMONY OF SCOTT E. ENRIGHT**  
**CHAIRPERSON, BOARD OF AGRICULTURE**

**BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS**  
**FEBRUARY 27, 2015**  
**STATE CAPITOL, CONFERENCE ROOM 211**  
**1:00 P.M.**

**SENATE BILL NO. 359**  
**RELATING TO THE ENVIRONMENTAL RESPONSE, ENERGY, AND FOOD**  
**SECURITY TAX**

Chairperson Tokuda and Members of the Committee:

Thank you for the opportunity to testify on Senate Bill 359. This bill proposes to increase the allocations to the Environmental Response Revolving Fund, the Energy Security Special Fund, and the Agricultural Development and Food Security Special Fund. It also would make these allocations permanent. The Department is in support of this measure as long as it does not affect the Administration's budget.

There is a growing public sentiment that realizes, as an island state, Hawaii is precariously dependent on imported food and energy. The legislature responded to this movement by passing Act 73, Session Laws of Hawaii 2010. As part of that act, the Agricultural Development and Food Security Special Fund was created with the mandate to fund activities intended to increase agricultural production or processing that may lead to reduced importation of food, fodder, or feed from outside the State. The Department has moved forward with this mandate and has funded positions and programs to build our agricultural capacity, create industry advantage, and to grow our markets; three pillars in our overall agricultural vision to move Hawaii towards a 21st century agricultural economy supported by all agencies of state government.

The Department would like to continue moving forward with its effort towards food security and views the Environmental Response, Energy, and Food Security Tax as a vital revenue source to provide the resources to realize the goal of greater food security and self-reliance. The Department is supportive of an increase in funding for the Environmental Response Revolving Fund, Energy Security Special Fund, and the Agricultural Development and Food Security Special Fund and would defer to the respective Departments on each of their funds.

Thank you, again, for the opportunity to testify on this measure.



# TAXBILLSERVICE

126 Queen Street, Suite 304

TAX FOUNDATION OF HAWAII

Honolulu, Hawaii 96813 Tel. 536-4587

**SUBJECT:** FUEL, Reallocate environmental response, energy, and food security tax

**BILL NUMBER:** SB 359

**INTRODUCED BY:** Gabbard, Chun Oakland, Galuteria, Green, Riviere, Ruderman

**EXECUTIVE SUMMARY:** Initially, the 5 cent per barrel environmental response tax was established to address oil spills in state waters. It was temporarily increased to \$1.05, much of which was earmarked to numerous special funds, and was scheduled to sunset on 6/30/30. The tax has taken on a life of its own and lacks transparency, and the special funds it feeds do not come under close scrutiny by either lawmakers or the public. The barrel tax should be repealed and all programs funded out of the environmental response tax should be funded through the general fund.

**BRIEF SUMMARY:** Amends HRS section 243-3.5 to increase the amount deposited into the environmental response revolving fund from 5 cents to 15 cents, increases the amount deposited into the energy security special fund from 15 cents to 40 cents, and increases the amount deposited into the agricultural development and food security fund from 15 cents to 40 cents.

Amends Act 107, SLH, 2014, to make the tax permanent by repealing the 6/30/30 sunset date.

**EFFECTIVE DATE:** July 1, 2015

**STAFF COMMENTS:** The legislature by Act 300, SLH 1993, enacted an environmental response tax of 5 cents per barrel on petroleum products sold by a distributor to any retail dealer or end user. The collections of the tax were deposited into the environmental response revolving fund until such time the balance in the fund reached \$7 million at which time the imposition of tax was suspended until the balance in the fund declined to less than \$3 million, at which time the imposition would be reinstated.

The legislature by Act 73, SLH 2010, increased the amount of the tax to \$1.05 per barrel and provided that 5 cents of the tax shall be deposited into a newly established environmental response revolving fund; 15 cents shall be deposited into a newly established energy security special fund, 10 cents shall be deposited into a newly established energy systems development special fund; 15 cents shall be deposited into the newly established agricultural development and food security special fund; and the residual of 60 cents shall be deposited into the general fund between 7/1/10 and 6/30/15. Act 107, SLH 2014, extended the sunset date of the \$1.05 environmental response, energy, and food security tax from 6/30/15 to 6/30/30. This measure would increase the amount deposited into the various funds and make the allocations to these special funds which were scheduled to sunset on 6/30/30, permanent.

The environmental response tax was initially adopted for the purpose of setting up a reserve should an oil spill occur on the ocean waters that would affect Hawaii's shoreline. The nexus was between the oil importers and the possibility that a spill might occur as the oil product was being imported into the state. Now that the fund has become a cash cow, lawmakers have placed other responsibilities on the fund, including environmental protection, food security, and natural resource protection programs, energy conservation and alternative energy development, air quality, global warming, clean water, polluted runoff, solid and hazardous waste, drinking water, and underground storage tanks, including support for the underground storage tank program of the department of health.

The basic problem with the barrel tax is that it lacks transparency, and because the funds are earmarked they do not come under close scrutiny by either lawmakers or the public. Rather than perpetuating the problems of the barrel tax, it should be repealed and all programs that are funded out of the environmental response fund should be funded through the general fund. At least program managers would then have to justify their need for these funds. If general funds are insufficient to underwrite all the essential programs and programs such as those funded through the barrel tax, then lawmakers need to justify any increase in taxes which underwrite the general fund or lawmakers will be forced to set priorities for those precious general funds. Currently, lawmakers are able to side step that difficult task by creating these hidden taxes and earmarked funds like the barrel tax. By continuing to special fund these programs, it makes a statement that such programs are not a high priority for state government. This sort of proliferation of public programs needs to be checked as it appears to be growing out of hand and at the expense of the taxpayer.

Digested 2/3/15

Testimony of The Nature Conservancy of Hawai'i  
Supporting S.B. 359 Relating to the Environmental Response,  
Energy, and Food Security Tax  
Senate Committee on Ways and Means  
Friday, February 27, 2015, 1:00PM, Room 211

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*For more than 35 years, The Nature Conservancy of Hawai'i has been working closely with government agencies, local businesses, private landowners, non-profit partners, and interested communities across the state to preserve the lands and waters upon which all life in these islands depends. The Conservancy is a private non-profit conservation organization that has helped to protect nearly 200,000 acres of natural lands in Hawai'i. Today, we actively manage more than 35,000 acres in 11 nature preserves on Maui, Hawai'i, Moloka'i, Lāna'i, and Kaua'i, and support 19 coastal communities seeking to co-manage marine resources in partnership with the State of Hawai'i.*

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The Nature Conservancy supports S.B. 359 and its provisions to redistribute the barrel tax revenue and ensure the permanence of barrel tax allocations. We believe this is effective policy for investing in clean energy and local agriculture initiatives that reduce our dependence on imported fossil fuel and imported food, and to enhance the State's oil spill response capacity.

Climate change caused by burning fossil fuels is an imminent and unprecedented threat to every person in Hawai'i. It is our responsibility to do what we can and what is necessary reduce our own carbon emissions, however small on a global scale, to contribute to the worldwide effort needed to mitigate the growing effects of climate change.

Even if we drastically reduce CO2 emissions now, however, we will still feel certain effects of climate change. In Hawai'i, science indicates that this will likely include:

- More frequent and more severe storms that can increase runoff and siltation;
- Overall, less rainfall and therefore less fresh water;
- Higher temperatures that affect watershed and agricultural health, while being beneficial to invasive species;
- Sea level rise and high waves that will harm coastal areas and groundwater systems;
- Ocean acidification that will inhibit the growth of protective coral reefs.

In response, we must plan and implement mitigative and adaptive measures to ensure the resilience of our natural and human systems. Protecting and enhancing the health and function of our forested watersheds as proposed by the Department of Land and Natural Resources is one critically important initiative. Likewise, investing in local energy and agriculture security are essential components of building self-reliance and resilience here in the middle of the Pacific Ocean.

Using the barrel tax revenue for its originally intended purposes is a wise investment in our future. We urge your support.

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Email: [communications@ulupono.com](mailto:communications@ulupono.com)

SENATE COMMITTEE ON WAYS & MEANS  
Friday, February 27, 2015 — 1:00 p.m. — Room 211

**Ulupono Initiative Supports Some Portions of SB 359, Relating to Environmental Response, Energy, and Food Security Tax**

Dear Chair Tokuda, Vice Chair Kouchi, and Members of the Committee:

My name is Kyle Datta and I am General Partner of the Ulupono Initiative, a Hawai'i-based impact investment company that strives to improve the quality of life for the people of Hawai'i by working toward solutions that create more locally grown food, increase clean, renewable energy, and waste reduction. We believe that self-sufficiency is essential to our future prosperity, and will help shape a future where economic progress and environmental stewardship work hand in hand.

**Ulupono supports some portions of SB 359**, which will redistribute the Environmental Response, Energy and Food Security Tax on barrels of petroleum products to restore the original intent of lawmakers in funding vital sustainability measures to help make our community more self-sufficient. Furthermore, this measure would make the barrel tax permanent. **While Ulupono supports the intent, we prefer SB 358 becomes the primary vehicle for adjusting the barrel tax.**

This tax was designed to support critical investments in clean energy, local agricultural production, and environmental response, reduce the State's dependence on imported fossil fuels and food products, and support environmental activities and programs. The tax represents a balanced approach to public policy where greater fossil fuel consumption would create more funding for these initiatives. Meanwhile, as fossil fuel use is reduced, the money collected from the residents of Hawai'i is also reduced. During difficult economic times, the fund was intended to be diverted temporarily toward the general fund. However, funding has yet to be restored to its original purpose, while not aligning the incentives of the barrel tax with its environmental restoration purposes.

This bill also makes the barrel tax permanent. Ulupono does not want to see the barrel tax be permanent based on the principle that special funds that were designed for a specific intent should sunset when the policy for which they were raised has been achieved. We would prefer to see the tax remain as long as imported fossil fuels continue to comprise more than 50 percent of our fossil fuel mix. **Instead, we believe SB 358, which adds a tax on other forms of fossil fuel such as natural gas and coal should be the primary**

*Investing in a Sustainable Hawai'i*



**vehicle for increasing more revenue via the barrel tax.**

We believe that by working together, we can help produce more local food, reduce our dependence on fossil fuels, and strengthen our community. Thank you for this opportunity to testify.

Respectfully,

Kyle Datta  
General Partner



# UNIVERSITY OF HAWAII SYSTEM

## Legislative Testimony

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Written Testimony Submitted to the  
Senate Committee on Ways and Means  
Friday, February 27, 2015, 1:00 pm

By

Robert Bley-Vroman, Chancellor

And

Richard Rocheleau, Director  
Hawai'i Natural Energy Institute  
School of Ocean and Earth Science and Technology  
University of Hawai'i at Mānoa

### SB 359 – RELATING TO THE ENVIRONMENTAL RESPONSE, ENERGY, AND FOOD SECURITY TAX

Chair Tokuda, Vice Chair Kouchi, and members of the committee:

My name is Richard Rocheleau, Director of the Hawai'i Natural Energy Institute (HNEI) at the University of Hawai'i at Mānoa. HNEI supports using the entire barrel tax for the purposes for which it was enacted - namely to “build the capacity we need to become self-sufficient in our energy and food needs and to protect the health and function of our environment.”

The Barrel Tax was intended to support critical investments in clean energy, local agricultural production, and environmental response to reduce the State's dependence on imported fossil fuels and food products. In enacting the barrel tax legislation, the legislature found that: “undertaking the important task of energy and food security requires a long-term commitment and the investment of substantial financial resources.” Although we are not asking for, nor would this bill provide HNEI, any additional barrel tax funding, we strongly believe that a sustained commitment is necessary to achieve the State's goals with regard to food, energy, and the environment.

HNEI knows first-hand that the efforts needed to reduce our dependence on fossil fuels are complex. Capital investments today will dictate the shape of our energy system for decades to come.

Passage of this bill, by increasing the barrel tax funding to DBEDT, the Department of Agriculture, and the Department of Health will affirm the State's long term commitment necessary to help Hawai'i attain food and energy security and sustainability.

**SB359**

Submitted on: 2/25/2015

Testimony for WAM on Feb 27, 2015 13:00PM in Conference Room 211

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Javier Mendez-Alvarez	Individual	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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