



COLLEGE OF SOCIAL SCIENCES

# HAWAII ENERGY POLICY FORUM

UNIVERSITY OF HAWAII AT MĀNOA

LATE

## Hawaii Energy Policy Forum

Jeanne Schultz Afuvai, Hawaii Inst. for Public Affairs  
Karlie Asato, Hawaii Government Employees Assn  
Joseph Boivin, Hawaii Gas  
Warren Bollmeier, Hawaii Renewable Energy Alliance  
Michael Brittain, IBEW, Local Union 1260  
Albert Chee, Chevron  
Elizabeth Cole, The Kohala Center  
Kyle Datta, Ulupono Initiative  
Mitch Ewan, UH Hawaii Natural Energy Institute  
Jay Fidell, ThinkTech Hawaii  
Carl Freedman, Haiku Design & Analysis  
Matthias Fripp, REIS at University of Hawaii  
Ford Fuchigami, Hawaii Dept of Transportation  
Mark Glick, Hawaii State Energy Office, DBEDT  
Justin Gruenstein, City & County of Honolulu  
Dale Hahn, Ofc of US Senator Brian Schatz  
Michael Hammett, SSRI at University of Hawaii  
Senator Lorraine Inouye, Hawaii State Legislature  
Randy Iwase, Public Utilities Commission  
Ashley Kaono, Ofc of US Representative Tulsi Gabbard  
Jim Kelly, Kauai Island Utility Cooperative  
Darren Kimura, Energy Industries  
Ing, Sustainable Biodiesel Alliance  
Joeyashi, Maui County Energy Office  
Representative Chris Lee, Hawaii State Legislature  
Gladys Marrone, Building Industry Assn of Hawaii  
Stephen Meder, UH Facilities and Planning  
Sharon Moriwaki, UH Public Policy Center  
Tim O'Connell, US Dept of Agriculture  
Jeffrey Ono, Division of Consumer Advocacy, DCCA  
Stan Osseman, HCAIT  
Darren Pai, Hawaiian Electric Companies  
Melissa Pavlicek, Hawaii Public Policy Advocates  
Randy Perreira, Hawaii Government Employees Assn  
Rick Reed, Hawaii Solar Energy Assn  
Cynthia Rezendes, Ofc of US Representative Mark Takai  
Rick Rocheleau, UH Hawaii Natural Energy Institute  
Will Rolston, Hawaii County, Research & Development  
Riley Saito, SunPower Systems  
Scott Seu, Hawaiian Electric Companies  
Joelle Simonpietri, US Pacific Command Energy Ofc  
H. Ray Stirling, Hawaii Energy  
Ben Sullivan, Kauai County  
Lance Tanaka, Par Hawaii, Inc.  
Maria Tome, Public Utilities Commission  
Alan Yamamoto, Ofc of Senator Mazie Hirono

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

Senate Committees on Water, Land & Agriculture,  
and Transportation & Energy

Tuesday, February 9, 2016 at 2:45 pm in Conference Room 229

## IN SUPPORT OF SB 2653, Relating to the Environmental Response, Energy, and Food Security Tax

Chairs Gabbard and Inouye, 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.

SB 2653 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 increase the allocations to the energy security special fund ("energy fund"), and the agricultural development and food security special fund ("agriculture fund").

In passing Act 73, SLH 2010, the 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 remained in the special funds to fulfill the stated purposes. Sixty cents of every \$1.05 collected has gone to the State's general fund.

From leaking fuel tanks, damaging invasive species and crop pests, to the explosive adoption of rooftop PV systems, these recent events have highlighted the critical need for long-range planning, interagency and private sector coordination and need to invest in the protection of our environment and security and sustainability of our food and energy sectors.

Current EREFS tax allocations have helped us make big strides, including the ongoing operation of some offices and the planning and implementation of solution-focused projects that are necessary to make real progress. While accomplishing the 100% Renewable Portfolio Standards passed last session will require commitment and focus to attain this ambitious target, 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 not only in the electricity sector but also the transportation sector.

*these ambitions*

Based on the foregoing, the Forum supports SB 2653, 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.*



# BIA-HAWAII

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THE VOICE OF THE CONSTRUCTION INDUSTRY

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## Testimony to the Senate Committees on Water, Land, & Agriculture, and Senate Committee on Transportation & Energy

LATE

Tuesday, February 9, 2016

2:45 p.m.

State Capitol - Conference Room 229

### RE: SB 2653: Relating to Environmental Response, Energy, & Food Security Tax.

Dear Chairs Gabbard & Inouye, Vice-Chairs Nishihara & Gabbard, and members of the Committees:

My name is Gladys Marrone, Chief Executive Officer for the Building Industry Association of Hawaii (BIA-Hawaii), the Voice of the Construction Industry. We promote our members through advocacy and education, and provide community outreach programs to enhance the quality of life for the people of Hawaii. BIA-Hawaii is a not-for-profit professional trade organization chartered in 1955, and affiliated with the National Association of Home Builders.

BIA-HAWAII is opposed to S.B. 2653 which proposes to amend Chapter 243 HRS (Fuel Tax) by increasing the amount of the environmental response, energy, and food security tax from 15 cents to 45 cents that shall be deposited into the energy security special fund and the agricultural development and food security special fund.

Currently, Chapter §243-3.5 provides for a tax of \$1.05 on each barrel or fractional part of a barrel of petroleum product that is not aviation fuel; provided that of the tax collected pursuant to this subsection:

- 5 cents of the tax on each barrel shall be deposited into the environmental response revolving fund established under section 128D-2 (Department of Health, Hazard Evaluation and Emergency Response);
- 15 cents of the tax on each barrel shall be deposited into the energy security special fund established under section 201-12.8 (Department of Business, Economic Development and Tourism, Hawaii Clean Energy Initiative);
- 10 cents of the tax on each barrel shall be deposited into the energy systems development special fund established under section 304A-2169.1 (Hawaii Natural Energy Institute); and
- 15 cents of the tax on each barrel shall be deposited into the agricultural development and food security special fund established under section 141-10 (Department of Agriculture).

Under the proposed bill, the existing \$.15 tax going to the Energy Security Special Fund and the Agricultural Development and Food Security Special Fund would be increased to \$.45. By increasing the amount in each of these funds, the current \$1.05 Fuel Tax would be entirely distributed in these four (4) funds.

Pursuant to Chapter 243-6 HRS, the fuel tax is to be used by the Counties for the following:

1. For payment of interest on and redemption of any bonds duly issued or sold on or after July 1, 1951, under chapter 47 for the financing or aiding in financing the construction of county highway tunnels, approach roads thereto, and highways. Such payments of interest and principal on the bonds when due, shall be first charges on such moneys so deposited in the fund.

2. For acquisition, designing, construction, reconstruction, improvement, repair, and maintenance of county main and general thoroughfares, highways, and other streets, street lights, storm drains, and bridges, including costs of new land therefor, when expenditures for the foregoing purposes cannot be financed under state-federal aid projects.
3. In the case of the city and county of Honolulu, for payment of the city and county's share in an improvement district initiated by the city and county for an improvement listed in (2) above which is permitted to be constructed in the city and county.
4. For the construction of county highway tunnels, overpasses, underpasses, and bridges, where such improvement cannot be made under state-federal aid projects.
5. For purposes and functions connected with county traffic control and preservation of safety upon the public highways and streets.
6. For purposes and functions in connection with mass transit.
7. For acquisition, design, construction, improvement, repair, and maintenance of bikeways.
8. No expenditure shall be made, out of the revenues paid into any such fund, which will jeopardize federal aid for highway construction.

It would appear that diverting the fuel tax from its proper use or nexus of investing in our transportation infrastructure (i.e. repair of roads) has contributed to the lack of funding and disrepair of the roads on all counties in Hawaii. Currently, \$.45 for each \$1.05 of the fuel tax or 42.8% of the tax is diverted to the four non-road related funds.

Perhaps the legislature should find appropriate sources to fund or prioritize funding for road maintenance, Hazard Evaluation and Emergency Response, Hawaii Clean Energy Initiative, Hawaii Natural Energy Institute, and Agricultural Development and Food Security rather than redistribute the fuel tax into the four special funds. We are opposed to S.B. 2653 as presently drafted.

Thank you for the opportunity to express our views on this matter.





# SIERRA CLUB OF HAWAI'I

**MĀLAMA I KA HONUA. *Cherish the Earth.***

LATE

SENATE COMMITTEE ON WATER, LAND, AND AGRICULTURE

SENATE COMMITTEE ON TRANSPORTATION AND ENERGY

Tuesday February 9, 2016 2:45PM Room 229

**In Support SB2653** Relating to Environmental Response, Energy, and Food Security Tax

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Aloha Chairs Gabbard and Inouye, and members of the Senate WLA and TRE Committees,

On behalf of our 12,000 members and supporters, the Sierra Club of Hawai'i **strongly supports** SB2653 to increase the amount of the environmental response, energy, and food security tax from 15 cents to 45 cents that shall be deposited into the energy security special fund and the agricultural development and food security special fund.

This measure extends a smart tax-shifting policy designed to foster greater energy and food independence by tapping into the source of our problem so as to fund our preferred future.

The concept behind this measure 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 mitigate the damage. This measure would provide additional funds to programs to offset the environmental impacts of oil, provide funding for energy efficiency projects and development of renewable energy, as well as spark greater amounts of local food development critical for Hawai'i's long-term future.

While we all likely agree we need to aggressively increase our clean energy use and local food production in Hawai'i, we cannot do it without funding for research, development, and policy implementation. This measure gives us the tools to accomplish these goals.

Thank you for the opportunity to testify on this measure.

Mahalo,

Martha Townsend  
Director



# UNIVERSITY OF HAWAII SYSTEM

## Legislative Testimony

LATE

Written Testimony Submitted to the  
Senate Committees on Transportation and Energy  
and Water, Land, and Agriculture  
February 9, 2016 at 2:45 p.m.

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 2653 – RELATING TO THE ENVIRONMENTAL RESPONSE, ENERGY, AND FOOD SECURITY TAX

Chairs Inouye and Gabbard, Vice Chair Nishihara and members of the committees:

HNEI supports using the 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.

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