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DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

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Statement of
MIKE MCCARTNEY
Director

Department of Business, Economic Development, and Tourism
before the

HOUSE COMMITTEE ON ENERGY AND ENVIRONMENTAL PROTECTION

Tuesday, March 12, 2019
8:30 AM

State Capitol, Conference Room 325

In consideration of

SB 1529, SD 2

RELATING TO THE HAWAII ENERGY AND CLIMATE CHANGE OFFICE.

Chair Lowen, Vice Chair Wildberger, and Members of the Committee.

The Department of Business, Economic Development, and Tourism (DBEDT) **offers comments** on SB 1529, SD 2, which establishes the Hawaii State Energy Office and the Deputy Director of Energy, amends and transfers the duties of the Energy Resources Coordinator from the DBEDT Director to the Deputy Director of Energy. It discontinues revenue to the Energy Security Special Fund (ESSF) from the Environmental Response, Energy, and Food Security Tax. Moreover, the Hawaii State Energy Office would be funded by general revenues of an unspecified amount and would no longer exist as a division of DBEDT.

The Environmental Response, Energy, and Food Security Tax has been an important source of revenue for the ESSF to fund DBEDT's energy operations. It is imperative that current funding levels be at least maintained for DBEDT to continue its operations in support of Hawaii's clean energy initiatives.

DBEDT notes that establishing an office takes careful planning and consideration of budgetary issues. We respectfully ask that the Legislature to please minimize any negative impacts to the Governor's budget priorities.

We note the title of this measure refers to the Hawaii Energy and Climate Change Office but there is no mention of such in the current form of this bill. Thank you for the opportunity to offer testimony on this bill.

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UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
House Committee on Energy & Environmental Protection
Tuesday, March 12, 2019 at 8:30 a.m.

By

Richard Rocheleau, Director
Hawai'i Natural Energy Institute

And

Michael Bruno, PhD
Vice Chancellor for Research
University of Hawai'i at Mānoa

SB 1529 SD2 – RELATING TO THE HAWAII ENERGY AND CLIMATE CHANGE
OFFICE

Chair Lowen, Vice Chair Wildberger and members of the committee:

The Hawai'i Natural Energy Institute (HNEI) supports the intent of this bill and agrees that the Hawai'i State Energy Office plays a critical role in the State's clean energy transformation. Whether a new Hawai'i State Energy Office is formed, or it remains as currently structured, HNEI believes it is vital that the office be adequately funded to enable its continued support of state clean energy initiatives and programs.

Thank you for the opportunity to comment on SB 1529 SD2.

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: FUEL, Change Earmark on Barrel Tax for Energy Systems Development Special Fund

BILL NUMBER: SB 1529, SD-2

INTRODUCED BY: Senate Committees on Judiciary and Ways and Means

EXECUTIVE SUMMARY: Establishes the Hawaii state energy office. Establishes the deputy director of energy. Ends funding for the Hawaii clean energy initiative from the energy security special fund. Increases the distribution of barrel tax revenue to the energy systems development special fund. Appropriates funds from the general fund for the Hawaii state energy office. Earmarks and special funds decrease transparency and accountability.

SYNOPSIS: Adds a new part to HRS chapter 196 to establish the Hawaii State Energy Office.

Amends HRS section 243-3.5 to delete the current earmark of 15 cents per barrel to the energy security special fund, and to change the current earmark of 10 cents per barrel to the energy systems development special fund to 15 cents per barrel. Makes conforming changes to subsection (b) dealing with BTU equivalent of fossil fuels other than petroleum products.

EFFECTIVE DATE: Upon approval.

STAFF COMMENTS: The proposed measure would perpetuate the earmarking of barrel tax revenues. A state energy office may provide some benefit to the State. But does that justify grabbing a pot of barrel tax money without going through the normal budgeting process that also considers sweltering primary schools, underfunded state pensions, or disaster relief for rain-flooded or lava-burnt counties?

Rather than the continual earmarking of revenues, a direct appropriation of general funds would be preferable. Earmarking revenues from any tax type for a particular purpose decreases transparency and accountability.

Next, it should be remembered that revenues diverted for a special purpose, in this case to fund the state energy office, will not be counted against the state's spending ceiling or debt limit and will obscure the state's true financial condition.

Digested 3/10/2019

SB-1529-SD-2

Submitted on: 3/10/2019 7:51:50 PM

Testimony for EEP on 3/12/2019 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Erica Scott	Individual	Support	No

Comments:

SB-1529-SD-2

Submitted on: 3/11/2019 5:00:25 PM

Testimony for EEP on 3/12/2019 8:30:00 AM

LATE

Submitted By	Organization	Testifier Position	Present at Hearing
Andrea Quinn	Individual	Support	No

Comments:

Dear Honorable Committee Members:

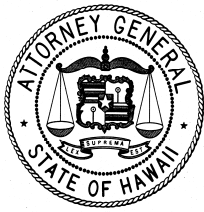
Please support SB1529. Valuable coastline is eroding due to sea level rise and coral reefs are dying due to climate change, with our reefs already virtual deserts.

Climate change is already occurring. We need to be a leader in legislation to mitigate global warming.

Thank you for the opportunity to present my testimony.

Andrea Quinn

Kihei



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
THIRTIETH LEGISLATURE, 2019**

LATE

ON THE FOLLOWING MEASURE:

S.B. NO. 1529, S.D. 2, RELATING TO THE HAWAII ENERGY AND CLIMATE CHANGE OFFICE.

BEFORE THE:

HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

DATE: Tuesday, March 12, 2019

TIME: 8:30 a.m.

LOCATION: State Capitol, Room 325

TESTIFIER(S): Clare E. Connors, Attorney General, or
Gregg J. Kinkley, Deputy Attorney General

Chair Lowen and Members of the Committee:

The Department of the Attorney General provides the following comments regarding a constitutional issue in this bill.

The current purpose of this bill is to establish the Hawaii state energy office and effect a number of changes to existing statutes relating to that office.

The title of this bill is "A BILL FOR AN ACT RELATING TO THE HAWAII ENERGY AND CLIMATE CHANGE OFFICE." The original draft of this bill created the Hawaii Energy and Climate Change Office. The bill was amended to create a Hawaii Energy Office and to delete the contents related to climate change.

Article III, section 14, of the Constitution of the State of Hawaii, provides in part that "[e]ach law shall embrace but one subject, which shall be expressed in its title." Although present in the original draft of this bill, this draft no longer contains any mention of the Hawaii Energy and Climate Change Office. Thus it appears that this bill in its current form may be subject to challenge as a violation of article III, section 14, of the State Constitution.

We respectfully suggest that a bill with a more directly relevant title be used for the contents of this bill, or that the bill be amended to reflect the creation of the Hawaii Energy and Climate Change Office.