

DAVID Y. IGE
GOVERNOR



CRAIG K. HIRAI
DIRECTOR

ROBERT YU
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY
TESTIMONY BY CRAIG K. HIRAI
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON ENERGY, ECONOMIC DEVELOPMENT, AND
TOURISM
ON
SENATE BILL NO. 2559

January 31, 2020
2:55 p.m.
Room 414

RELATING TO ENERGY

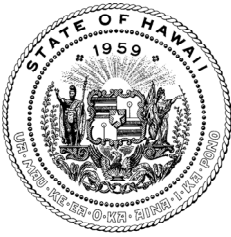
The Department of Budget and Finance (B&F) offers comments on Senate Bill (S.B.) No. 2559.

S.B. No. 2559 increases the allocation of the Environmental Response, Energy, and Food Security Tax (Barrel Tax) to the Energy Security Special Fund (ESSF) from 5 cents per barrel to 15 cents per barrel; and allows the Hawai'i State Energy Office (HSEO) to contract with Hawai'i not-for-profit entities to create a plan and administer expenditures from the ESSF for the purposes set forth in Section 201-12.8, HRS.

Act 122, SLH 2019, formally established the HSEO as an attached agency of the Department of Business, Economic Development and Tourism; shifted the means of financing of the HSEO from special funds from the ESSF to general funds; and reduced the ESSF's allocation of the Barrel Tax from 15 cents per barrel to 5 cents per barrel. The net difference of 10 cents per barrel was redirected for deposit into the State general fund.

B&F notes that while restoring the ESSF's allocation of the Barrel Tax from 5 cents to 15 cents per barrel will result in an increase of special fund revenue to the ESSF, the corresponding loss in general fund revenue will be an estimated \$2,500,000 to \$2,600,000 and may impact the Administration's ability to fund other priorities.

Thank you for your consideration of our comments.



HAWAII STATE ENERGY OFFICE STATE OF HAWAII

235 South Beretania Street, 5TH Floor, Honolulu, HI 96813 | energy.hawaii.gov

DAVID Y. IGE
GOVERNOR

SCOTT J. GLENN
CHIEF ENERGY OFFICER

(808) 587-3807

Testimony of
SCOTT J. GLENN, Chief Energy Officer

before the
SENATE COMMITTEE ON ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM
Friday, January 31, 2020
2:55 PM
State Capitol, Conference Room 414

In SUPPORT of
SB 2559
RELATING TO ENERGY.

Chair Wakai, Vice Chair Taniguchi and members of the Committee. The Hawaii State Energy Office (HSEO) supports SB 2559, which would allow the HSEO to enter into a contract with a non-profit organization to create a plan and administer expenditures of moneys allotted to the Energy Security Special Fund (ESSF). SB 2559 would also increase the allocation of the Environmental Response, Energy, and Food Security Tax ("Barrel Tax") to the ESSF.

The HSEO agrees that public-private partnerships could be effective in stimulating the development and commercialization of technologies needed to facilitate the State's progress toward its clean energy and sustainability goals. This type of support is important for innovative technology companies to be successful.

The HSEO also acknowledges that an increase in the allocation of the Barrel Tax to the ESSF would allow funding for a contract with a non-profit organization to support commercialization of technologies at a level that would be impactful to Hawaii's economy.

Thank you for the opportunity to testify.



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

LATE

Testimony Presented Before the
Senate Committee on Energy, Economic Development, and Tourism
Friday, January 31, 2020 at 2:55 p.m.

By
Vassilis L. Syrmos, Vice President for Research and Innovation
University of Hawai'i System

SB 2559 – RELATING TO ENERGY

Chair Wakai, Vice Chair Taniguchi and Members of the Committee:

The University of Hawai'i (UH) is in support of SB 2559, which authorizes the Hawai'i State Energy Office to (HSEO) enter into contracts with certain non-profit organizations to create a plan to administer monies in the energy security special fund, and increases the amount of funds deposited into the fund from the State environmental response, energy and food security tax.

The proposed measure is the first step to help the HSEO to successfully navigate and lead the state toward its Hawai'i Clean Energy Initiative goals, including the shift to 100 percent renewable energy in the electrical sector by 2045 – by stimulating public-private partnerships that fund innovative clean energy technologies.

An increase in public investment into innovative, clean energy technologies made possible by this measure, will not only contribute to help mitigate the environmental effects of climate change, but at the same time -- will help to attract outside investment in these technologies to boost the state's economy.

As an active proponent and participant in clean energy and climate change mitigation research, as well as research innovation and commercialization, the University of Hawai'i supports SB 2559.

Thank you for the opportunity to testify on this measure.

SB-2559

Submitted on: 1/30/2020 9:43:01 AM

Testimony for EET on 1/31/2020 2:55:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Lana Rose Olson	Testifying for Environmental Caucus of the Democratic Party of HI	Support	No

Comments:

SB-2559

Submitted on: 1/30/2020 7:18:05 AM

Testimony for EET on 1/31/2020 2:55:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Ted Bohlen	Testifying for Climate Protectors Coalition	Support	No

Comments:

Dear Chair Wakai, Vice Chair Taniguchi and members:

The Climate Protectors Coalition **supports SB2559.**

We are a new group inspired by the Mauna Kea Protectors but focused on reversing the climate crisis. As a tropical island State, Hawaii will be among the first places harmed by the global climate crisis, with more intense storms, loss of protective coral reefs, and rising sea levels. We must do all we can to reduce our carbon footprint and become at least carbon neutral as soon as possible, including by enabling the State Energy Office to plan comprehensively for use of the energy security special fund. Please pass this bill. Mahalo!

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: FUEL, Increase Barrel Tax Earmark for Energy Security Special Fund

BILL NUMBER: SB 2559

INTRODUCED BY: WAKAI

EXECUTIVE SUMMARY: Allows the chief energy officer to contract with Hawaii not-for-profit entities to administer expenditures from the energy security special fund for the purposes set forth in section 201-12.8, HRS. Increases the allocation from the state environmental response, energy, and food security tax for deposit to the energy security special fund from 5 cents to 15 cents per barrel or fractional part of a barrel of petroleum product.

SYNOPSIS: Amends section 201-12.8, HRS, to allow the chief energy officer, subject to the approval of the governor, to enter into public-private partnerships with certain not-for-profit entities to create a plan and administer expenditures from the energy security special fund,

Amends section 243-3.5, HRS, to increase the earmark on the barrel tax from 5 to 15 cents per barrel for the energy security special fund. Does not increase the tax imposed.

EFFECTIVE DATE: Upon approval.

STAFF COMMENTS: The proposed measure would perpetuate the earmarking of barrel tax revenues. Public-private partnerships in furtherance of clean energy 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 clean energy-related expenditures, will not be counted against the state's spending ceiling or debt limit and will obscure the state's true financial condition.

Digested 1/28/2020



ELEMENTAL EXCELERATOR

Written Statement of Elemental Excelerator before the Senate Committee on Energy, Economic Development, and Tourism January 31, 2020

In consideration of [SB 2559](#) RELATING TO ENERGY SECURITY SPECIAL FUND

Aloha Chair Wakai, Vice-Chair Taniguchi, and Members of the Senate Committee on Energy, Economic Development, and Tourism:

Elemental Excelerator respectfully submits **strong support** for SB 2559, which:

1. Authorizes the Hawaii state energy office to enter into contracts with certain non-profit organizations to create a plan and administer moneys in the energy security special fund.
2. Increases the amount of funds deposited into the energy security special fund from the state environmental response, energy, and food security tax.

Elemental Excelerator is a Honolulu-based non-profit organization that supports climate positive startup companies that are helping solve Hawai'i's most urgent environmental problems. Each year, we select 15-20 companies annually that best fit our mission and fund each company up to \$1 million. To date, we have awarded \$36 million to 99 companies resulting in over fifty demonstration projects in Hawai'i & the Asia Pacific.

We strongly support SB 2559 for the following reasons:

1. **It aligns with the purpose of the Hawai'i State Energy Office (HSEO):** With new leadership and structure at the helm of the office, this bill provides a foundation for the energy office to realize their vision and mission through public-private partnerships that utilize catalytic funding of innovative technologies to accelerate a clean economy for our state. HSEO's vision and mission, according to their website, *"...will guide our state toward the Hawaii Clean Energy Initiative goals to achieve 100 percent renewable energy in the electricity sector by 2045, reduce electricity consumption by 4,300 gigawatt-hours by 2030, and reduce petroleum use in transportation. To this end, HSEO works toward the deployment of clean energy infrastructure and serves as a catalyst for energy innovation."*¹
2. **It brings necessary economic investments in climate change mitigation:** According to the 2018 Hawai'i Sea Level Rise Vulnerability and Adaptation Report, Hawai'i, over the next few decades, will have, *"An estimated **\$19 billion of economic loss** [that] would result from chronic flooding of land and structures located within the seal level-rise of exposure area with 3.2 feet of sea-level rise"*² In our work, we have seen that every \$1 of public funding towards innovation for climate change mitigation and adaptation has shown to produce 20x that amount in follow-on investments. As of 2019, Elemental Excelerator funded \$36 million to our 99 portfolio companies which led them to raise \$790 million in follow-on funding.³ If the state were to increase public

investments in innovation through this legislation, it could mitigate the effects of climate change while simultaneously attracting outside investments that enhance Hawai'i's economy.

Mahalo for the opportunity to provide testimony on this legislation.

Sincerely,



Aki Marceau
Managing Director, Policy & Community

¹ Who We Are, Hawai'i State Energy Office, Retrieved from <https://energy.hawaii.gov/who-we-are>

² Hawai'i Sea Level Rise Vulnerability and Adaptation Report, January 2018, Retrieved from <https://climateadaptation.hawaii.gov/wp-content/uploads/2018/01/SLR-Report-January-2018.pdf>

³ Elemental Excelerator 2019 Impact Report

SB-2559

Submitted on: 1/30/2020 10:33:11 AM

Testimony for EET on 1/31/2020 2:55:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Joseph Kohn MD	Testifying for We Are One, Inc. - www.WeAreOne.cc - WAO	Support	No

Comments:

Strongly support SB 2559.

If created carefully, a public-private partnership (PPP) can both benefit Hawaii's economy, and help bring technologies to market that will move Hawaii closer to being zero-emissions.

The barrel tax was created both to promote clean energy and local food programs, and to discourage oil consumption. But much of its revenues have been diverted to the general fund.

Increasing the deposit from the barrel tax into the energy security special fund would help fight the Climate Crisis.

The energy security special fund is specifically for various programs that do this, like stronger energy conservation state building codes, improved clean vehicle charging infrastructure, the building energy efficiency revolving loan fund, and the greenhouse gas sequestration task force.

Use PPPs carefully, and move barrel tax revenues where they belong: into programs that promote zero emissions. Vote yes on SB 2559.

www.WeAreOne.cc



183 Pinana St., Kailua, HI 96734 • 808-262-1285 • info@350Hawaii.org

To: The Senate Committee on Energy, Economic Development, and Tourism
From: Brodie Lockard, Founder, 350Hawaii.org
Date: Friday, January 31, 2020, 2:55 pm

In strong support of SB 2559

Dear Chair Wakai, Vice Chair Taniguchi, and members:

350Hawaii strongly supports SB 2559.

If created carefully, a public-private partnership (PPP) can both benefit Hawaii's economy, and help bring technologies to market that will move Hawaii closer to being zero-emissions.

The barrel tax was created both to promote clean energy and local food programs, and to discourage oil consumption. But much of its revenues have been diverted to the general fund.

Increasing the deposit from the barrel tax into the energy security special fund would help fight the Climate Crisis.

The energy security special fund is specifically for various programs that do this, like stronger energy conservation state building codes, improved clean vehicle charging infrastructure, the building energy efficiency revolving loan fund, and the greenhouse gas sequestration task force.

Use PPPs carefully, and move barrel tax revenues where they belong: into programs that promote zero emissions. Vote yes on SB 2559.

Brodie Lockard
Founder, 350Hawaii.org

SB-2559

Submitted on: 1/28/2020 11:18:16 PM

Testimony for EET on 1/31/2020 2:55:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Caroline Kunitake	Individual	Support	No

Comments:

Please support SB2559.

Mahalo,

Caroline Kunitake

SB-2559

Submitted on: 1/29/2020 9:09:02 AM

Testimony for EET on 1/31/2020 2:55:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
J Riverstone	Individual	Support	No

Comments:

SB-2559

Submitted on: 1/29/2020 11:23:35 AM

Testimony for EET on 1/31/2020 2:55:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Javier Mendez-Alvarez	Individual	Support	No

Comments:

SB-2559

Submitted on: 1/29/2020 12:58:02 PM

Testimony for EET on 1/31/2020 2:55:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Mark K.Wilson III	Individual	Support	No

Comments:

SB-2559

Submitted on: 1/29/2020 3:00:42 PM

Testimony for EET on 1/31/2020 2:55:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
tlaloc tokuda	Individual	Support	No

Comments:

i support this bill

SB-2559

Submitted on: 1/29/2020 4:18:38 PM

Testimony for EET on 1/31/2020 2:55:00 PM

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

Comments:

Dear Honorable Committee Members:

Please support SB2559, which will help to mitigate climate change.

Thank you for the opportunity to present my testimony.

Andrea Quinn

Kihei

SB-2559

Submitted on: 1/29/2020 7:37:06 PM

Testimony for EET on 1/31/2020 2:55:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Sherry Pollack	Individual	Support	No

Comments:

SB-2559

Submitted on: 1/29/2020 9:51:09 PM

Testimony for EET on 1/31/2020 2:55:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Phaethon Keeney	Individual	Support	No

Comments:

SB-2559

Submitted on: 1/30/2020 6:26:54 AM

Testimony for EET on 1/31/2020 2:55:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Lynn Aaberg	Individual	Support	No

Comments:

Please support SB 2559. This will help the careful use of public/private partnerships, and move barrel tax revenues into programs that promote zero emissions. Please vote yes.

Sincerely,

Lynn Aaberg

SB-2559

Submitted on: 1/30/2020 7:22:45 AM

Testimony for EET on 1/31/2020 2:55:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Zoe Malia Ozoa Loos	Individual	Support	No

Comments:

To: The Senate Committee on Energy, Economic Development, and Tourism

From: ZOE MALIA OZOA LOOS

Date: 1/30/2020

In strong support of SB 2559

Dear Chair Wakai, Vice Chair Taniguchi, and members:

I strongly support SB 2559.

If created carefully, a public-private partnership (PPP) can both benefit Hawaii's economy, and help bring technologies to market that will move Hawaii closer to being zero-emissions.

The barrel tax was created both to promote clean energy and local food programs, and to discourage oil consumption. But much of its revenues have been diverted to the general fund.

Increasing the deposit from the barrel tax into the energy security special fund would help fight the Climate Crisis.

The energy security special fund is specifically for various programs that do this, like stronger energy conservation state building codes, improved clean vehicle charging infrastructure, the building energy efficiency revolving loan fund, and the greenhouse gas sequestration task force.

Use PPPs carefully, and move barrel tax revenues where they belong: into programs that promote zero emissions. Vote yes on SB 2559.

ZOE MALIA OZOA LOOS

SB-2559

Submitted on: 1/30/2020 8:37:45 AM

Testimony for EET on 1/31/2020 2:55:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Joy Silver	Individual	Support	No

Comments:

SB-2559

Submitted on: 1/30/2020 11:27:54 AM

Testimony for EET on 1/31/2020 2:55:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Laurel Quarton	Individual	Support	No

Comments:

SB-2559

Submitted on: 1/30/2020 2:16:27 PM

Testimony for EET on 1/31/2020 2:55:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Nanea Lo	Individual	Support	No

Comments:

Dear Chair Wakai, Vice Chair Taniguchi, and members:

I strongly support SB 2559.

If created carefully, a public-private partnership (PPP) can both benefit Hawaii's economy, and help bring technologies to market that will move Hawaii closer to being zero-emissions.

The barrel tax was created both to promote clean energy and local food programs, and to discourage oil consumption. But much of its revenues have been diverted to the general fund.

Increasing the deposit from the barrel tax into the energy security special fund would help fight the Climate Crisis.

The energy security special fund is specifically for various programs that do this, like stronger energy conservation state building codes, improved clean vehicle charging infrastructure, the building energy efficiency revolving loan fund, and the greenhouse gas sequestration task force.

Use PPPs carefully, and move barrel tax revenues where they belong: into programs that promote zero emissions. Vote yes on SB 2559.

me ke aloha 'Ä• ina,

Nanea Lo

LATE

SB-2559

Submitted on: 1/30/2020 4:21:47 PM

Testimony for EET on 1/31/2020 2:55:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Matthew Geyer	Individual	Support	Yes

Comments:

Thank you for your continued efforts to support clean, renewable energy. Please also consider continuing to increase the barrel tax to fund even greater clean renewable energy sources and economically encourage the switch to sustainability.

SB-2559

Submitted on: 1/29/2020 7:59:05 PM

Testimony for EET on 1/31/2020 2:55:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
David Mulinix	Testifying for Our Revolution Hawaii	Support	No

Comments:

LATE

SB-2559

Submitted on: 1/30/2020 6:47:36 PM

Testimony for EET on 1/31/2020 2:55:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Noel Morin	Individual	Support	No

Comments:

Dear Chair Wakai, Vice Chair Taniguchi, and members:

I strongly support SB 2559.

A public-private partnership (PPP) can both benefit Hawaii's economy and help bring technologies to market that will move Hawaii closer to being zero-emissions.

The barrel tax was created both to promote clean energy and local food programs, and to discourage oil consumption. But much of its revenues have been diverted to the general fund.

Increasing the deposit from the barrel tax into the energy security special fund would help fight the Climate Crisis.

The energy security special fund is specifically for various programs that do this, like stronger energy conservation state building codes, improved clean vehicle charging infrastructure, the building energy efficiency revolving loan fund, and the greenhouse gas sequestration task force.

Use PPPs carefully, and move barrel tax revenues where they belong: into programs that promote zero emissions. Vote yes on SB 2559.

Sincerely,

Noel Morin

Hilo