

DAVID Y. IGE
GOVERNOR



CRAIG K. HIRAI
DIRECTOR

GLORIA CHANG
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 HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE
ON
SENATE BILL NO. 2478, S.D. 2, H.D. 1

March 21, 2022
2:00 p.m.
Room 329 and Videoconference

RELATING TO TAXATION

The Department of Budget and Finance (B&F) offers comments on this bill.

Senate Bill No. 2478, S.D. 2, H.D. 1, adds a new section to Chapter 235, HRS, to reinstate and modify the Renewable Fuels Production Tax Credit (RFPTC) that was originally repealed on December 31, 2021. For each taxpayer that produces renewable fuels, the RFPTC would be equal to 20 cents per 76,000 British thermal units (BTU) per calendar year up to an unspecified maximum annual amount over a ten-year period, provided that the taxpayer's production of renewable fuels is not less than 15 billion BTUs per calendar year. The bill also establishes an annual aggregate cap of \$3,000,000 for the RFPTC.

B&F notes that the federal American Rescue Plan (ARP) Act restricts states from using ARP Coronavirus State Fiscal Recovery Funds (CSFRF) to directly or indirectly offset a reduction in net tax revenue resulting from a change in law, regulation, or administrative interpretation beginning on March 3, 2021, through the last day of the fiscal year in which the CSFRF have been spent. If a state cuts taxes during this

period, it must demonstrate how it paid for the tax cuts from sources other than the CSFRF, such as:

- By enacting policies to raise other sources of revenue;
- By cutting spending; or
- Through higher revenue due to economic growth.

If the CSFRF provided have been used to offset tax cuts, the amount used for this purpose must be repaid to the U.S. Treasury.

The U.S. Department of Treasury has issued rules governing how this restriction is to be administered. B&F will be working with the money committees of the Legislature to ensure that the State of Hawai'i complies with this ARP restriction.

Thank you for your consideration of our comments.

DAVID Y. IGE
GOVERNOR

JOSH GREEN M.D.
LT. GOVERNOR



ISAAC W. CHOY
DIRECTOR OF TAXATION

STATE OF HAWAII
DEPARTMENT OF TAXATION
P.O. BOX 259
HONOLULU, HAWAII 96809
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To: The Honorable Aaron Ling Johanson, Chair;
The Honorable Lisa Kitagawa, Vice Chair;
and Members of the House Committee on Consumer Protection & Commerce

From: Isaac W. Choy, Director
Department of Taxation

Date: Monday, March 21, 2022
Time: 2:00 P.M.
Place: Via Video Conference, State Capitol

Re: S.B. 2478, S.D. 2, H.D. 1, Relating to Taxation

The Department of Taxation (Department) appreciates the intent of S.B. 2478, S.D. 2, H.D. 1, and offers the following comments for the committee's consideration.

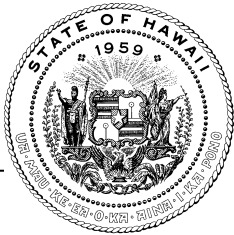
S.B. 2478, S.D. 2, H.D. 1, reinstates and modifies the Renewable Fuels Production Tax Credit (RFPTC), which was previously codified at section 235-110.31, Hawaii Revised Statutes (HRS), before its duly scheduled repeal on December 31, 2021. The credit is equal to twenty cents per seventy-six thousand British thermal units of renewable fuels sold for distribution in Hawaii. The bill provides for an aggregate cap of \$3,000,000 and for an unspecified per taxpayer cap. To qualify for the credit, a taxpayer's production of renewable fuels must meet or exceed fifteen billion British thermal units of renewable fuels per calendar year.

The Hawaii State Energy Office (HSEO) is responsible for certifying the credit and for administering the aggregate cap for all eligible taxpayers. Taxpayers must also provide written notice to the Department and to HSEO of their intention to begin production of renewable fuels prior to production of any renewable fuels in a calendar year. S.B. 2478, S.D. 2, H.D. 1, has a defective effective date of July 1, 2100.

The Department notes that the previous Committees deleted the contents of the bill and replaced the contents with the contents of H.B. 1809, H.D. 3. H.B. 1809, H.D. 3 has been previously amended to contain much of the Department's suggested language. This includes the Department's language to ensure that each taxpayer shall not be eligible for more than a single ten-year credit period as well as a requirement for HSEO to certify the credit. The bill being heard presently, S.B. 2478, S.D. 2, H.D. 1, thus contains these amendments. The Department requests that these amendments remain in the bill.

Finally, if a functional effective date is to be inserted, the Department suggests that the language making the credit applicable to taxable years beginning after December 31, 2022 be maintained. These types of credits are intended to incentivize a taxpayer's behavior; thus, providing this tax credit for tax year 2022 would provide a windfall for activity that occurred prior to the credit's enactment.

Thank you for the opportunity to provide testimony on this measure.



HAWAII STATE ENERGY OFFICE STATE OF HAWAII

DAVID Y. IGE
GOVERNOR

SCOTT J. GLENN
CHIEF ENERGY OFFICER

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Testimony of
SCOTT J. GLENN, Chief Energy Officer

before the
HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE

Monday, March 21, 2022
2:00 PM
State Capitol, Conference Room 329 & Videoconference

**SUPPORT
SB 2478, SD2, HD1
RELATING TO TAXATION.**

Chair Johanson, Vice Chair Kitagawa, and Members of the Committee, the Hawai'i State Energy Office (HSEO) supports SB 2478, SD2, HD1, which reinstates the renewable fuels production tax credit.

Renewable fuels have the potential to provide local jobs and economic benefits in both the energy and agricultural sectors; support the production of value-added products; and provide a measure of energy self-reliance for Hawai'i.

HSEO managed the certification of the previous renewable fuels production tax credit¹ and appreciates the changes to the bill made by the previous Committee to facilitate administration of the credit. SB 2478, HD1, includes provisions for the taxpayer to provide an independent third-party certified statement, establishes deadlines for steps in the certification process, and establishes a process to be followed in the event the cap is exceeded in any given year.

¹ The renewable fuels production tax credit, HRS 235-110.31, effective for the five year period between January 1, 2017 and December 31, 2021, was established by [Act 202, session Laws of Hawai'i 2016](#), amended by [Act 142, Session Laws of Hawaii 2017](#) and further amended by [Act 143, Session Laws of Hawai'i 2018](#).

It is HSEO's understanding that SB 2478, HD1 would limit the eligibility of any taxpayer for the credit to within a ten-year period following the start of renewable fuel production of at least fifteen billion Btu per year.²

HSEO notes that many years ago, the early precursor to this credit was an ethanol facility investment credit. At that time, there were many companies stating an intent to construct ethanol production facilities; the requirements to provide advance notice of intent to construct, followed by a notice of fuel production, were intended to enable the posting of a public list of the number of potential producers and the volume of production potentially eligible for the tax credit.³ This appears to be the basis for the advance notice provisions in SB 2478, HD1 (page 4, lines 4-18). As the confidentiality requirements of SB 2478, HD1 (page 7, lines 12-20 and page 8, lines 1-15) would prohibit the posting or release of fuel producer information, it may be desirable to simplify the notice provisions to align with the new requirements.

HSEO also notes that the confidentiality provisions would require withholding data from taxpayers as well as the Legislature in the event that fewer than three taxpayers produced the same type of fuel in any given year.⁴

HSEO defers to the appropriate agencies on matters relating to tax administration and budget concerns.

Thank you for the opportunity to testify.

² Fifteen billion Btu is the energy content of about 115,000 gallons of low sulfur diesel (using an approximate lower heating value (LHV) of 130,000 Btu/gallon); about 125,000 gallons of biodiesel (at 120,000 Btu per gallon LHV), about 200,000 gallons of ethanol (at 76,330 Btu per gallon LHV); or 290,000 pounds of hydrogen (using a LHV of 51,585 Btu per pound). The \$3 million cap could subsidize the production of the equivalent of about 15 million gallons of ethanol or 9 million gallons of biodiesel. For more information, see [Fuel Properties Comparison](#).

³ Act 289, session Laws of Hawai'i 2000, paragraphs (f) and (g), "[This information shall be available for public inspection and dissemination](#)."

⁴ An example of data being withheld in the case of too few market participants to be able to maintain confidentiality, see <https://www.eia.gov/petroleum/marketing/monthly/pdf/pmmall.pdf#page=15>, "W = Withheld to avoid disclosure of individual company data."



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March 21, 2022

HEARING BEFORE THE
HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE

TESTIMONY ON SB 2478, SD2, HD1
RELATING TO TAXATION

Conference Room 329 & Videoconference
2:00 PM

Aloha Chair Johanson, Vice-Chair Kitagawa, and Members of the Committees:

I am Brian Miyamoto, Executive Director of the Hawai'i Farm Bureau (HFB). Organized since 1948, the HFB is comprised of 1,800 farm family members statewide and serves as Hawai'i's voice of agriculture to protect, advocate and advance the social, economic, and educational interests of our diverse agricultural community.

The Hawai'i Farm Bureau supports SB 2478, SD2, HD1, which reinstates the renewable fuels production tax credit.

Renewable energy is important to the State's energy goals. Biofuels can play a critical role in helping Hawaii reach the goal of one hundred percent renewable energy by 2045, help to diversify Hawaii's economy and agricultural sector, reduce greenhouse gas emissions, and reduce our dependence on imported oil.

HFB supports the production of dedicated energy crops, crop residues, and agricultural wastes into economically and environmentally sustainable biofuels and value-added by-products such as livestock feed. A renewable fuels production tax credit is an important incentive for the production of renewable fuels and supports the state's clean energy and carbon reduction goals.

Thank you for this opportunity to testify on this important subject.

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 305

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: INCOME, Renewable Fuels Production Tax Credit

BILL NUMBER: SB 2478 HD 1

INTRODUCED BY: House Committees on Energy & Environmental Protection and Economic Development

EXECUTIVE SUMMARY: Reinstates the renewable fuels production tax credit. Our view is that a direct appropriation to buy or subsidize energy production would be far superior because (1) we know how much we are spending and (2) we know what we are buying.

SYNOPSIS: Adds a new section to HRS chapter 235 to establish a nonrefundable renewable fuels production tax credit. The credit shall be allowed to taxpayers producing qualifying renewable fuels provided the credit shall not be claimed for more than ten years beginning from the first taxable year in which a taxpayer begins renewable fuels production at a level of at least 15 billion British thermal units (BTU) of renewable fuels per calendar year.

Provides that each taxpayer, together with all of its related entities (as determined under Internal Revenue Code section 267(b)) and all business entities under common control (as determined under Internal Revenue Code sections 414(b), 414(c), and 1563(a)), shall not be eligible for more than a single ten-year credit period.

The annual dollar amount of the credit shall be ____ (20 cents in HD 2) per 76,000 BTUs of renewable fuels using the lower heating value sold for distribution in Hawaii; provided that the taxpayer's production of renewable fuels is not less than 15 billion BTUs of renewable fuels per year. Limits the amount of tax credit that may be claimed by a taxpayer to \$____ (\$3 million in HD 2) per taxable year.

Defines "renewable fuels" as fuels produced from renewable feedstocks provided that the fuels shall be sold as a fuel, and meet the relevant ASTM International specifications for the particular fuel or other industry specifications, including but not limited to: (1) methanol, ethanol, or other alcohols; (2) hydrogen; (3) biodiesel or renewable diesel; (4) biogas; (5) other biofuels; or (6) renewable jet fuel or renewable gasoline.

Defines "renewable feedstocks" as (1) biomass crops; (2) agricultural residues; (3) oil crops, including but not limited to algae, canola, jatropha, palm, soybean, and sunflower; (4) sugar and starch crops, including but not limited to sugar cane and cassava; (5) other agricultural crops; (6) grease and waste cooking oil; (7) food wastes; (8) municipal solid wastes and industrial wastes; (9) water; and (10) animal residues and wastes that can be used to generate energy.

Requires the Hawaii state energy office (in DBEDT) to verify and certify each claim for the credit including the total amount of credit for each taxable year and the cumulative amount of tax

credit during the credit period. The department shall issue a certificate to qualifying taxpayers who shall file the certificate with the department of taxation (DOTAX).

If in any year the annual amount of certified credits reaches \$_____ (\$6 million in HD 2) in the aggregate, DBEDT shall discontinue certifying credits and notify the department of taxation.

If the amount of credits exceeds the taxpayer's income tax liability, the excess of credit over liability may be used as a credit against the taxpayer's income tax liability in subsequent years until exhausted. All claims for a credit under this section shall be properly filed on or before the end of the twelfth month following the close of the taxable year for which the credit may be claimed. Failure to comply with the foregoing provision shall constitute a waiver of the right to claim the credit.

Prior to production of any qualifying renewable fuels for the year, the taxpayer is to provide written notice of the taxpayer's intention to begin production of qualifying renewable fuels to DOTAX and Hawaii state energy office with information on the taxpayer, facility location, facility production capacity, anticipated production start date, and the taxpayer's contact information. The taxpayer shall also provide written notice to the director of taxation and the chief energy officer within 30 days following the start of production and include the production start date and expected renewable fuel production for the next year.

In each calendar year during the credit period, the taxpayer shall provide information to the chief energy officer of the Hawaii state energy office on the number of BTU of renewable fuels produced and sold during the previous calendar year, the type of fuels, feedstocks used for renewable fuels production, the number of employees of the facility and each employee's state of residency, and the projected number of BTU of renewable fuels production for the succeeding year.

In the case of a partnership, S corporation, estate, or trust, distribution and share of the tax credit for renewable fuels production shall be determined pursuant to section 704(b) (with respect to partner's distributive share) of the Internal Revenue Code.

Directs the chief energy officer of the Hawaii state energy office, following each year in which a credit under this section has been claimed, to submit a written report to the governor and legislature regarding the production and sale of renewable fuels. The report shall include the number, location, and production of renewable fuels production facilities in the State and outside the State that have claimed a credit under this section; the total number of British thermal units of renewable fuels, broken down by type of fuel, produced and sold during the previous year; and the projected number of BTU of renewable fuels production for the succeeding year.

Requires DOTAX to prepare the necessary forms to claim the credit, and DOTAX may require the taxpayer to furnish information to validate a claim for the credit, and may adopt rules necessary to effectuate the purpose of the law pursuant to chapter 91.

EFFECTIVE DATE: July 1, 2100.

STAFF COMMENTS: Act 202, SLH 2016, enacted a renewable energy credit with a five-year life. The credit sunset on December 31, 2021. This bill revives the credit with some modifications. First, the bill requires an annual production of 2.5 billion BTU of renewable energy per year, while Act 202 required an annual production of 15 billion BTU. Next, the bill explicitly allows logs, wood chips, wood pellets, or wood bark to qualify as renewable fuels.

While the idea of providing a tax credit to encourage such activities may have been acceptable a few years ago when the economy was on a roll and advocates could point to credits like those to encourage construction and renovation activities, what lawmakers and administrators have learned in these past few years is that unbridled tax incentives, where there is no accountability or limits on how much in credits can be claimed, are irresponsible as the cost of these credits goes far beyond what was ever intended. Instead, lawmakers should encourage alternative energy production through the appropriation of a specific number of taxpayer dollars. The State could directly purchase energy or it could give a subsidy to developers. Then, lawmakers would have a better idea of what is being funded and hold the developers of these alternate forms of energy to a deliberate timetable or else lose the funds altogether. A direct appropriation would be preferable to the tax credit as it would: (1) provide some accountability for the taxpayers' funds being utilized to support this effort; and (2) not be a blank check.

As a technical matter, we suggest that some attention be paid to the provision that allows conversion of a nonrefundable credit to a refundable one. The provision as currently drafted allows nonresident partners in a partnership with little or no Hawaii source income (but perhaps with tons of income elsewhere) to make the election with no cost, while Hawaii resident partners presumably would have Hawaii source income and would need to give up 30% to make the credit refundable. We question whether that is what lawmakers intend.

Digested: 3/12/2022



**Testimony to
The Committee on Consumer Protection & Commerce**

Monday, March 21, 2022

2:00 PM

**VIA Video Conference
Conference Room 329, Hawaii State Capitol**

SB 2478 SD2 HD1

Chair Johanson, Vice Chair Kitagawa, and members of the committee,

Hawaii Gas **supports SB 2478 SD2 HD1**, which reinstates the renewable fuels production tax credit with comments to request amendments.

Hawaii Gas is a national leader in the production and distribution of renewable gas in a gas utility system and has committed to support the state's march towards carbon neutrality by 2045. Despite representing less than 1% of the greenhouse gases emitted into Hawaii's atmosphere, we agree that it's everyone's responsibility to do everything we can to make sure Hawaii meets that milestone.

Renewable feedstocks are key components to creating renewable natural gas, hydrogen, and other renewable biofuels, all of which are important fuel replacements for fossil fuels.

Tax incentives have proven to be an effective tool in encouraging the development of innovative new technologies, just as seen in the burgeoning solar and wind industry decades ago. These incentives also provide a method for ratepayers to be provided lowered costs for new technologies that are capital intensive and have not had time to mature and scale. Hawaii recognized the impact of this concept when it created a production tax credit six years ago, which unfortunately sunset on December 31, 2021. It was during this time that Hawaii Gas developed a unique project in partnership with the City and County of Honolulu to purchase gas emissions from the wastewater treatment process, which were being released into the atmosphere, and captured it to create renewable natural gas. This project was among the first in the country to inject that renewable gas into the pipeline. It provided a benefit equivalent to taking up to 400 cars off the road every year.

Reinstating this credit will be pivotal to generate more of these innovative clean energy alternatives.

Projects like these require a significant amount of investment and may not produce an income tax liability for several of those years. If there are no state taxes due, the production tax credits can be taken in subsequent years. The net result is that the taxpayer may not receive the benefit of this tax incentive in the early years of production, therefore, the result of the tax



credit would not be effective, nor able to be passed onto the ratepayers in the form of discounted rates.

We ask that the legislature consider the following amendments:

1) include waste water in the definition of renewable feedstock, which was deleted from SB2478 SD2.

2) The bill contemplates that the HSEO issue a certificate to the taxpayer verifying that the renewable fuels have life cycle emissions substantially below that of fossil fuels. While conceptually this makes sense, in policy, “substantially” is subjective and we recommend that word be removed. Additionally, this requirement is redundant to another statute that mandates that the Public Utility Commissions also analyze life cycle emissions prior to approval of any project that uses renewable fuels. The Public Utility Commissions is staffed and has the experience to do so. Requiring HSEO to also certify this makes for costs that will drive up the cost of production.

Additionally, the bill has been amended to have the taxpayer provide two more independent, third-party certified statements annually to HSEO on lifecycle emissions. This is also very redundant to the Public Utility Commissions process.

3) insert a discounted tax credit if taken as a refund Which was deleted from SB2478 SD2. This will provide the state with a smaller liability due to only having to provide 70% of the tax credit to the taxpayer if elected by the taxpayer.

As such, we ask the committee to consider including an amendment to the bill similar to HRS § 235-12.5 subsections (g) – (h) of the renewable energy investment tax credit:

A taxpayer may elect to reduce the eligible credit amount by thirty per cent and if this reduced amount exceeds the amount of income tax payment due from the taxpayer...

up to the section ending in “**An election once made is irrevocable.**”

We appreciate the benefits this legislation will bring to allow Hawaii Gas to provide reliable and affordable energy to the people and businesses of Hawaii while sustaining our reliability and resiliency, so critical to Hawaii’s infrastructure especially in times of natural disasters.

We request the committee to include these amendments and pass SB 2478 SD2 HD1.

Thank you for the opportunity to testify.



March 21, 2022

**TESTIMONY IN SUPORT OF SENATE BILL 2478 SD 2 HD 1
RELATING TO TAXATION**

House Committee on Consumer Protection & Commerce
The Honorable Aaron Ling Johanson, Chair
The Honorable Lisa Kitagawa, Vice Chair

Monday, March 21, 2022, 2:00 p.m.

VIA VIDEOCONFERENCE
Conference Room 329
State Capitol
415 South Beretania Street

Chair Johanson, Vice Chair Kitagawa, and members of the Committee,

Thank you for the opportunity to submit testimony to express our support for SB 2478 SD 2 HD 1, Relating to Taxation. My name is Eric Wright, President of Par Hawaii, and have responsibility of providing energy assurance for our state, now and into future.

As our state and company transition to renewable energy, we believe restoring tax credits for renewable energy production will be critical to supporting our state's clean energy goals.

We are intensely aware of Hawaii's vulnerability to global forces. The recent invasion of Ukraine and our subsequent decision to suspend crude oil purchases from Russia underscored our state's need for more energy self-sufficiency.

Currently, more than 80% of Hawaii's energy is dependent upon fossil fuels. We are responsible for importing crude oil and producing refined fuels that Hawaii residents and businesses need. However, we also recognize it is our responsibility to help with decarbonizing and reducing greenhouse gases in our state.

Par Hawaii is working with partners now to use our distribution assets to distribute biofuels and exploring ways to sequester carbon. Some of these projects are being funded in part by federal sources such as the U.S. Department of Agriculture grants and other projects will be financed with private capital in partnership with others. Restoring incentives for renewable energy production would help to round out the support necessary for us to use proven ways we can use our refining assets for large-scale, permanent renewable energy production. This will allow Hawaii to have a diversified base of renewable energy options to improve our energy and economic resilience in the decades leading up to 2045 and beyond.

Mahalo for allowing Par Hawaii to share our perspectives on why we support SB 2489, SD 1 HD 1.

THE CIVIL BEAT
LAW CENTER FOR THE PUBLIC INTEREST

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House Committee on Consumer Protection & Commerce
Honorable Aaron Ling Johanson, Chair
Honorable Lisa Kitagawa, Vice Chair

RE: Testimony Opposing S.B. 2478 S.D. 2 H.D. 1, Relating to Taxation
Hearing: March 22, 2022 at 2:00 p.m.

Dear Chair and Members of the Committee:

My name is Brian Black. I am the Executive Director of the Civil Beat Law Center for the Public Interest, a nonprofit organization whose primary mission concerns solutions that promote governmental transparency. Thank you for the opportunity to submit testimony **opposing the scope of confidentiality in S.B. 2478 S.D. 2 H.D. 1.**

This bill will provide a substantial tax credit to producers of renewable fuels. The Law Center takes no position on that aspect of the bill.

The H.D. 1 amendments, however, reverse the original intent of the bill as it concerns public disclosure of information regarding the claimed tax credits. As introduced, the bill provided for robust public disclosure regarding who receives this substantial benefit of public monies. The H.D. 1 amendments instead provide for complete anonymity and virtually no disclosure.

There may be legitimate business concerns with disclosing all of the information that this bill requires disclosed to the Hawai'i State Energy Office by renewable fuels producers. But these producers are claiming significant tax benefits that reduce the public fisc. The identity of those receiving the benefit and the amount of the benefit received should be publicly disclosed at a minimum so that the public can understand and scrutinize the cost of this tax credit.

In the confidentiality provision, this Committee should distinguish between the information that would raise a *legitimate* business concern of unfair competition and providing a business with blanket secrecy for how much it is subsidized by government monies. As in S.D. 2478 when introduced, our government should be *required* to disclose – and business should accept disclosure of – certain information about this tax credit if a business wants the substantial benefit of public monies.

Thank you again for the opportunity to testify **opposing the scope of confidentiality in S.B. 2478 S.D. 2 H.D. 1.**

SB-2478-HD-1

Submitted on: 3/20/2022 11:41:15 AM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Ted Bohlen	Climate Protectors Hawai'i	Comments	Remotely Via Zoom

Comments:

To: The Honorable Aaron Ling Johanson, Chair, The Honorable Lisa Kitagawa, Vice Chair, and Members of the House Committee on Consumer Protection and Commerce

From: Climate Protectors Hawai'i (by Ted Bohlen)

Re: Hearing SB2478 SD2 HD1 RELATING TO TAXATION.

Monday March 21, 2022, 2:00 p.m., CR 329 and by videoconference

Aloha Chair Johanson, Vice Chair Kitagawa, and Members of the House Committee on Consumer Protection and Commerce!

The Climate Protectors Hawai'i is a group focused on reversing the climate crisis and encouraging Hawai'i to lead the world towards a safe and sustainable climate and future. The Climate Protectors Hawai'i **SUPPORTS** the renewable tax credits in SB2478 SD2 HD1, but **COMMENTS that amendments are needed to prevent tax credits for renewables that increase greenhouse gas emissions, such as burning wood to generate electricity or wood or fossil fuels to produce hydrogen.**

Hawai'i has recognized that we have a climate emergency. **Not all renewables are better for the climate than fossil fuels.** In order to mitigate the impending harms of the climate emergency, Hawai'i needs to develop renewable fuels that emit few if any greenhouse gases on a life cycle basis. **Burning wood would be a "double whammy " on the climate** because it eliminates sequestration of atmospheric carbon dioxide by the trees and emits carbon into the atmosphere when burned. Even if replacement trees are planted, that will not replace the lost sequestration for decades, if ever.

While "renewable energy" is generally better than using fossil fuels, the term "renewable" still holds a lot of ambiguity. It is a political definition, not a scientific one, roundly regretted by scientists involved with the Kyoto Protocols, as it opens a loophole for burning biomass. We're out of time for burning carbon and need to be on an expedited course of replacing every such energy source. We're out of time for burning biomass, and need to be on an expedited course to plant, compost, and regenerate *additional* biomass into sequestering GHGs, not BURN it!

To quote the dean of [350.org](https://www.350.org/), Mr. Bill McKibben:

"The logic (of biomass burning) originally seemed sound: if you cut a tree, another grows in its place, and it will eventually soak up the carbon dioxide emitted from that burning the first tree. But, again, ["eventually" is the problem](#). Burning wood is highly inefficient, and so it releases a huge pulse of carbon *right now*, when the world's climate system is most vulnerable. Trees that grow back in a few generations' time will come too late to save the ice caps."

There is a similar problem with hydrogen that is produced from fossil fuels or wood. Incentivizing wood burning with tax credits to generate electricity or produce hydrogen would run directly counter to the State's mandate to become carbon negative as soon as practicable.

The bill needs to be amended to amend to exclude those two proposed tax credits, as follows:

- **on page 9, lines 17-18, it should read: "Renewable feedstocks" means (1) Biomass crops, excluding trees, logs, wood chips, wood pellets, and wood bark." ..."**

Also, hydrogen produced from fossil fuels or wood should not be incentivized because that too would harm the climate. Please amend the bill as follows:

- **On page 10, line 18, it should read: "hydrogen, if it is produced from non-greenhouse gas emitting sources, not fossil fuels or wood;"**

By providing tax credits, this bill will help incentivize needed renewable fuels development. By excluding wood as feedstock for electric generation or hydrogen production, this bill will avoid exacerbating the climate emergency.

This bill is much better than the SD2. Please **pass** this bill for renewable tax credits, **but amend it to exclude tax credits for wood burning and hydrogen produced from fossil fuels or wood.**

Mahalo!

Climate Protectors Hawai'i (by Ted Bohlen)



To: The House Committee on Consumer Protection and Commerce
From: Sherry Pollack, 350Hawaii.org
Date: Monday, March 21, 2022, 2pm

In opposition to SB2478 SD2 HD1

Aloha Chair Johanson, Vice Chair Kitagawa, and Consumer Protection and Commerce Committee members,

I am Co-Founder of the Hawaii chapter of 350.org, the largest international organization dedicated to fighting climate change. 350Hawaii.org supports the bill's intent to provide tax credits for renewable fuel production, but we respectfully **OPPOSE** the inclusion in SB2478 SD2 HD1 of tax credits for burning wood biomass and for hydrogen that is produced from wood.

While the HD1 version of this measure no longer explicitly defines “Renewable feedstocks” to include biomass crops that include logs, wood chips, and wood pellets, based on the definition for “biomass” as indicated by the Hawaii State Energy Office, tree products can still be interpreted as allowable feedstock for this purpose.

350Hawaii strongly supports and encourages the efforts of the legislature to incentivize our transition to truly clean, non-climate harming renewable energy. However, renewable feedstocks **as currently defined** would result in unintended negative consequences to our environment and climate.

Burning trees for energy is disastrous for the climate. It destroys forests, and puts out more carbon dioxide into the air than coal. The period for regrowth and making up that carbon debt can take many decades or more, time which we no longer have the luxury of wasting. We are in a climate crisis and must make scientifically sound choices that will reduce greenhouse gas emissions as soon as possible if we are to stay below 1.5 degrees Celsius rise. Now is not the time to promote technologies that increase greenhouse gases simply because they are not derived from fossil fuels.

Reinstating the renewable fuels production tax credit without specifically excluding wood and thereby incentivizing burning wood products as an energy source will worsen the stability of the climate. SB2478 SD2 HD1 as written would undermine our progress towards 100% truly clean, renewable energy and take us in the wrong direction.

We can't afford to keep pumping more CO2 into the atmosphere. **According to the latest United Nations' Intergovernmental Panel on Climate Change (IPCC) report, any further delay in reducing our emissions will miss a brief and rapidly closing window of opportunity to secure a liveable and sustainable future for all.** Unless this bill is amended to exclude tax credits for wood burning and hydrogen produced from fossil fuels or wood, we urge you to **oppose** this ill-advised bill.

Mahalo for the opportunity to testify.

Sherry Pollack
Co-Founder, 350Hawaii.org



Testimony to the Committee on Consumer Protection & Commerce

Tuesday, March 21, 2022

2:00 PM

Conference Room 329, Hawaii State Capitol & VIA Video Conference

SB 2478 SD2 HD1

Chair Lowen, Vice Chair Marten, and members of the committee,

Hawaii Clean Power Alliance (HCPA) **supports** SB 2478 SD2 HD1, regarding a renewable fuels production tax credit with the request for amendments.

Hawaii Clean Power Alliance is a nonprofit alliance organized to advance and sustain the development of clean energy in Hawaii. Our goal is to support the state's policy goal of 100 percent renewable energy by 2045. We advocate for utility-scale renewable energy, which is critical to meeting the state's clean energy and carbon reduction goals.

Tax credits have proven essential in building momentum and scale in the development and distribution of diverse renewable fuel sources. Grid stability is essential to resiliency, and it's clear that Hawaii's grid depends on a variety of sources – including solar, wind, and other fuels – to deliver that stability to ratepayers. These production tax credits provide incentives for the production of a diverse renewable fuel supply, which in turn brings more renewable energy and fuel options to our grid.

These types of renewable fuels, such as hydrogen, can be used to transform the electric grid into zero emissions grid and power zero emissions vehicles. This type of fuel is innovative but also costly. The recently passed Federal Infrastructure Legislation recognizes the importance of grid resiliency as well as hydrogen. Hawaii is known for its clean energy initiatives and this bill can attract many developers to the islands to showcase industry leadership. Renewable fuels can spur innovation, economic development and many well paying-jobs. We therefore request consideration of the committee to increase the cap for individual taxpayers, increase the state cap for the credit, and consider a discounted refund clause in order to incent more development in Hawaii.

Amendments requested:

The previous committee amended the bill by gutting the preamble, which explains why the bill is critical to the achievement of the state's renewable energy goals. Therefore, please reinsert that critical language.

Please add back in Section 2, subsection (i) deleted in SB2478 SD2, which provides for an election of discounted tax credit of 30% if a refund is selected instead of carried forward as described in section (h). This discount actually limits the tax liability of the state from 100% to only 70% if exercised. Additionally, this clause can provide more immediate savings to ratepayers because when utilized, it can be a pass-through credit to the cost of renewable energy.

The bill calls for life cycle emissions certification and reporting in three sections, which are redundant to the Public Utility Commission mandate to analyze life cycle emission projects, including renewable fuels. We therefore recommend that the following redundant certification and reporting requirements be removed from the bill:

Page 3, lines 8-10 (Life Cycle)
Section (1) subsection (b) (4)

Page 5, lines 15-18 (Lifecycle)
Section (1) subsection (f) (1)(E)
Section (1) subsection (f) (1) (F)

We also recommend that the amendments in HD1, which changed the definition of renewable feedstocks, be returned to the previous language that was in the Production Tax Credit statute that sunset, as well as what was in SD2 of this bill. Further, please include "bioenergy" as a renewable fuel in the definition of renewable fuels because there are various forms of renewable fuels.

We ask the committee to pass this bill with these requested amendments.

Thank you for the opportunity to testify.

SB-2478-HD-1

Submitted on: 3/20/2022 8:18:33 AM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
JON WHITE	Individual	Support	Written Testimony Only

Comments:

I am in strong support

SB-2478-HD-1

Submitted on: 3/20/2022 8:39:13 AM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Paul Bernstein	Individual	Oppose	Written Testimony Only

Comments:

Aloha Chair Johanson, Vice Chair Kitagawa, and members of the House Consumer Protection and Commerce Committee:

I'm writing in opposition of SB2478. Imposing a carbon fee on fossil fuels is a better way to create the incentive for lower carbon fuels. A carbon price of about \$25/MT of CO2 would create a greater price differential between fossil fuels and low carbon fuels than the price spread desired by those pushing SB2478. In addition, a carbon tax unlike subsidies wouldn't cost the government anything. Last employing subsidies leads to over production and allows free riders to receive tax breaks that they don't need.

Respectfully,

Paul Bernstein

SB-2478-HD-1

Submitted on: 3/20/2022 9:11:24 AM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Ashley D.K McGuire	Individual	Support	Written Testimony Only

Comments:

I support it

SB-2478-HD-1

Submitted on: 3/20/2022 9:26:43 AM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Suterra Soares	Individual	Support	Written Testimony Only

Comments:

I support this bill.

SB-2478-HD-1

Submitted on: 3/20/2022 9:28:22 AM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Rob Duyao	Individual	Support	Written Testimony Only

Comments:

I support bill SB 2478 SD2 HD1 relating to taxation.

SB-2478-HD-1

Submitted on: 3/20/2022 9:38:14 AM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Alika Maikui	Individual	Support	Written Testimony Only

Comments:

Support. Thank you.

SB-2478-HD-1

Submitted on: 3/20/2022 9:39:38 AM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
aulii fernandez	Individual	Support	Written Testimony Only

Comments:

Support.

SB-2478-HD-1

Submitted on: 3/20/2022 9:42:08 AM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Georgette Nacis	Individual	Support	Written Testimony Only

Comments:

Support.

SB-2478-HD-1

Submitted on: 3/20/2022 9:44:06 AM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
aulani hood	Individual	Support	Written Testimony Only

Comments:

Please support.

SB-2478-HD-1

Submitted on: 3/20/2022 9:45:55 AM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
micah hood	Individual	Support	Written Testimony Only

Comments:

Support.

SB-2478-HD-1

Submitted on: 3/20/2022 10:14:33 AM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
joshua demello	Individual	Support	Written Testimony Only

Comments:

I strongly support this bill.

SB-2478-HD-1

Submitted on: 3/20/2022 10:16:22 AM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Chauncey Dunhour	Individual	Support	Written Testimony Only

Comments:

I am in strong support.

SB-2478-HD-1

Submitted on: 3/20/2022 10:16:45 AM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Ray Tanonaka	Individual	Support	Written Testimony Only

Comments:

I support bill sb2478

SB-2478-HD-1

Submitted on: 3/20/2022 10:17:13 AM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Edward J Klaneski	Individual	Support	Written Testimony Only

Comments:

I am in strong support of this Bill

SB-2478-HD-1

Submitted on: 3/20/2022 10:17:40 AM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
anthony padilla	Individual	Support	Remotely Via Zoom

Comments:

In strong support

SB-2478-HD-1

Submitted on: 3/20/2022 10:18:05 AM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Chaz Bajet	Individual	Support	Written Testimony Only

Comments:

I am in strong support

SB-2478-HD-1

Submitted on: 3/20/2022 10:19:58 AM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Dane Kaluhiwa	Individual	Support	Written Testimony Only

Comments:

I strongly support

SB-2478-HD-1

Submitted on: 3/20/2022 10:20:39 AM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Hubert Pruett	Individual	Support	Written Testimony Only

Comments:

I am sin strong support

SB-2478-HD-1

Submitted on: 3/20/2022 10:21:49 AM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Dave Teriirere	Individual	Support	Written Testimony Only

Comments:

I am strong support

SB-2478-HD-1

Submitted on: 3/20/2022 10:22:02 AM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Chad Amasiu	Individual	Support	Written Testimony Only

Comments:

I am in strong support

SB-2478-HD-1

Submitted on: 3/20/2022 10:22:45 AM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
chad Failma	Individual	Support	Written Testimony Only

Comments:

I am in strong support

SB-2478-HD-1

Submitted on: 3/20/2022 10:23:11 AM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Kekoa Masutani	Individual	Support	Written Testimony Only

Comments:

My name is Kekoa Masutani from Kaneohe and I am in support of SB2478.

SB-2478-HD-1

Submitted on: 3/20/2022 10:23:22 AM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Keenan Luke	Individual	Support	Written Testimony Only

Comments:

I am in strong support.

SB-2478-HD-1

Submitted on: 3/20/2022 10:24:02 AM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Travis rabellizsa	Individual	Support	Written Testimony Only

Comments:

I am in strong support

SB-2478-HD-1

Submitted on: 3/20/2022 10:24:08 AM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Jonovan Tuinei	Individual	Support	Written Testimony Only

Comments:

I am in strong support of SB2478.

SB-2478-HD-1

Submitted on: 3/20/2022 10:24:35 AM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Cisco Valeho	Individual	Support	Written Testimony Only

Comments:

I strongly support SB2478

SB-2478-HD-1

Submitted on: 3/20/2022 10:24:46 AM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Clinton Blackman	Individual	Support	Written Testimony Only

Comments:

I am in strong support

SB-2478-HD-1

Submitted on: 3/20/2022 10:25:22 AM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Brennon Pias	Individual	Support	Written Testimony Only

Comments:

I am in strong support

SB-2478-HD-1

Submitted on: 3/20/2022 10:25:59 AM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
John Rabanal	Individual	Support	Written Testimony Only

Comments:

I am in strong support

SB-2478-HD-1

Submitted on: 3/20/2022 10:28:03 AM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Blair Nahale	Individual	Support	Remotely Via Zoom

Comments:

I am in strong support of sb2478

SB-2478-HD-1

Submitted on: 3/20/2022 10:28:14 AM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Kekoa Bruhn	Individual	Support	Written Testimony Only

Comments:

I am in strong support.

SB-2478-HD-1

Submitted on: 3/20/2022 10:29:59 AM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Louis Mansanas jr	Individual	Support	Written Testimony Only

Comments:

I strongly support this bill

SB-2478-HD-1

Submitted on: 3/20/2022 10:30:06 AM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Robert Enriquez	Individual	Support	Written Testimony Only

Comments:

I am in strong support

SB-2478-HD-1

Submitted on: 3/20/2022 10:30:14 AM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
kodey saizon	Individual	Support	Written Testimony Only

Comments:

Iam in support

SB-2478-HD-1

Submitted on: 3/20/2022 10:31:25 AM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Jacob Ramos	Individual	Support	Written Testimony Only

Comments:

I strongly support Bill SB2478.

SB-2478-HD-1

Submitted on: 3/20/2022 10:32:08 AM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Jeffery Malavong	Individual	Support	Written Testimony Only

Comments:

I fully support SB2478 SD2 HD1

SB-2478-HD-1

Submitted on: 3/20/2022 10:34:32 AM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Ted Scott	Individual	Support	Written Testimony Only

Comments:

I am in strong support of this bill

SB-2478-HD-1

Submitted on: 3/20/2022 10:34:32 AM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
eddie horner	Individual	Support	Written Testimony Only

Comments:

I strongly support this bill

SB-2478-HD-1

Submitted on: 3/20/2022 10:35:07 AM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Clayton Glass	Individual	Support	Written Testimony Only

Comments:

I am in strong support

SB-2478-HD-1

Submitted on: 3/20/2022 10:35:34 AM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Beatrice Cabral	Individual	Support	Written Testimony Only

Comments:

Support

SB-2478-HD-1

Submitted on: 3/20/2022 10:36:13 AM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Kahekili Fuchs	Individual	Support	Written Testimony Only

Comments:

I am in strong support this bill.

SB-2478-HD-1

Submitted on: 3/20/2022 10:37:40 AM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Tyler Yuu	Individual	Support	Written Testimony Only

Comments:

In strong support

SB-2478-HD-1

Submitted on: 3/20/2022 10:38:10 AM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
richard gideon	Individual	Support	Written Testimony Only

Comments:

I am in strong support.

SB-2478-HD-1

Submitted on: 3/20/2022 10:41:25 AM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Pomai Kalama	Individual	Support	Written Testimony Only

Comments:

I am in strong support

SB-2478-HD-1

Submitted on: 3/20/2022 10:42:04 AM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Trey Ah Yuen	Individual	Support	Written Testimony Only

Comments:

I am in strong support of this bill.

SB-2478-HD-1

Submitted on: 3/20/2022 10:42:37 AM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Noah Campbell	Individual	Support	Written Testimony Only

Comments:

I'am in full support for SB2478

SB-2478-HD-1

Submitted on: 3/20/2022 10:45:20 AM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
seth ilae	Individual	Support	Written Testimony Only

Comments:

I am in strong support

SB-2478-HD-1

Submitted on: 3/20/2022 10:48:44 AM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Keoni Mendiola	Individual	Support	Written Testimony Only

Comments:

I am in strong support of SB2478.

SB-2478-HD-1

Submitted on: 3/20/2022 10:50:38 AM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Gavin Concepcion	Individual	Support	Written Testimony Only

Comments:

I am stron support

SB-2478-HD-1

Submitted on: 3/20/2022 10:52:23 AM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Jay Amina III	Individual	Support	Written Testimony Only

Comments:

I strongly support SB2478.

SB-2478-HD-1

Submitted on: 3/20/2022 10:54:59 AM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Montgomery Meyer	Individual	Support	Written Testimony Only

Comments:

I am in strong support of SB2478

SB-2478-HD-1

Submitted on: 3/20/2022 10:55:11 AM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Burton Chun	Individual	Support	Written Testimony Only

Comments:

I strongly support this bill

SB-2478-HD-1

Submitted on: 3/20/2022 10:58:42 AM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Jason Yoshimura	Individual	Support	Written Testimony Only

Comments:

I am in strong support

SB-2478-HD-1

Submitted on: 3/20/2022 11:01:22 AM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Seth Holck	Individual	Support	Written Testimony Only

Comments:

I am in strong support

SB-2478-HD-1

Submitted on: 3/20/2022 11:01:24 AM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Adrian Kaleo Nakashima	Individual	Support	Written Testimony Only

Comments:

I am in strong support.

SB-2478-HD-1

Submitted on: 3/20/2022 11:07:42 AM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Walter Walker	Individual	Support	Written Testimony Only

Comments:

I strongly support this bill

SB-2478-HD-1

Submitted on: 3/20/2022 11:14:17 AM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Douglas Hiu	Individual	Support	Written Testimony Only

Comments:

I strongly support this bill

SB-2478-HD-1

Submitted on: 3/20/2022 11:28:12 AM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Charles	Individual	Support	Written Testimony Only

Comments:

I support the SB2478 SD2 HD1

SB-2478-HD-1

Submitted on: 3/20/2022 11:33:06 AM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Wade Terlep	Individual	Support	Written Testimony Only

Comments:

I am in strong support on SB2478

SB-2478-HD-1

Submitted on: 3/20/2022 11:36:49 AM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Levi Archuleta	Individual	Support	Written Testimony Only

Comments:

I am strong support

SB-2478-HD-1

Submitted on: 3/20/2022 11:38:25 AM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Ka'ena Paikai	Individual	Support	Written Testimony Only

Comments:

I am in strong support of this bill

SB-2478-HD-1

Submitted on: 3/20/2022 11:45:13 AM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Chris Tanaka	Individual	Support	Written Testimony Only

Comments:

I am in strong support of SB2478.

SB-2478-HD-1

Submitted on: 3/20/2022 11:45:19 AM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
kainalu paikai	Individual	Support	Written Testimony Only

Comments:

I am in strong support

SB-2478-HD-1

Submitted on: 3/20/2022 11:54:02 AM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Kyle Miyahana	Individual	Support	Written Testimony Only

Comments:

I strongly support

SB-2478-HD-1

Submitted on: 3/20/2022 12:04:41 PM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Paquito KHD Capillan	Individual	Support	Written Testimony Only

Comments:

I strongly support sb2478

SB-2478-HD-1

Submitted on: 3/20/2022 12:12:43 PM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
zachary matsunaga	Individual	Support	Written Testimony Only

Comments:

I strongly support!

SB-2478-HD-1

Submitted on: 3/20/2022 12:28:09 PM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
nepo leutu jr	Individual	Support	Written Testimony Only

Comments:

I am in strong support

SB-2478-HD-1

Submitted on: 3/20/2022 12:49:49 PM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Keith Neal	Individual	Oppose	Written Testimony Only

Comments:

Strongly oppose!

I oppose any energy schemes that include “renewable feedstocks”;

Such as:

- Biomass crops
- Agricultural residue
- Oil crops, including but not limited to algae, canola, jatropha, palm, soybean, and sunflower

Far better to incentivize clean energy infrastructure, such as solar, on/offshore wind and geothermal.

The age of combustion is over, should we continue, we do so at our collective peril.

Respectfully submitted,

Keith Neal

SB-2478-HD-1

Submitted on: 3/20/2022 12:53:17 PM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
William Campbell	Individual	Support	Written Testimony Only

Comments:

I support SB2478 mahalo

SB-2478-HD-1

Submitted on: 3/20/2022 1:09:11 PM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Zorich Palimoo	Individual	Support	Written Testimony Only

Comments:

I am in strong support

SB-2478-HD-1

Submitted on: 3/20/2022 1:40:43 PM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
David Chew	Individual	Support	Written Testimony Only

Comments:

I support tax credits on firm renewable fuels

SB-2478-HD-1

Submitted on: 3/20/2022 1:44:53 PM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Lawrence DeCosta III	Individual	Support	Written Testimony Only

Comments:

I am in strong support of this bill!

Lawrence DeCosta

SB-2478-HD-1

Submitted on: 3/20/2022 1:45:40 PM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Gabriel	Individual	Support	Written Testimony Only

Comments:

I am in strong support of SB 2478.

SB-2478-HD-1

Submitted on: 3/20/2022 1:55:38 PM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
logan freitas	Individual	Support	Written Testimony Only

Comments:

i am in strong support

SB-2478-HD-1

Submitted on: 3/20/2022 1:59:55 PM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Kelsey Beck	Individual	Support	Written Testimony Only

Comments:

Support

March 21, 2022

House Committee on Consumer Protection & Commerce
Hawaii State Capitol
415 South Beretania St.
Honolulu, HI 96813

LATE

RE: Hawaii Senate Bill 2478, SD2 HD 1 – Renewable fuels production tax credit

Dear Chair Johanson, Vice Chair Kitagawa and Members of the Committee:

The Pet Food Institute (PFI) appreciates the opportunity to provide comments regarding SB 2478, SD2 HD1.

Established in 1958, PFI is the trade association and the voice of U.S. cat and dog food and treat manufacturers. Our members account for the vast majority of pet food and treats made in the United States and feed 180 million pets in U.S. households. Our members operate under regulations issued by the U.S. Food and Drug Administration and enforced by both federal and state officials. This means dog and cat owners throughout the United States and around the world benefit from science-based regulations that provide the safest animal food supply available globally.

PFI recognizes and supports responsible efforts to address climate change and utilize additional energy sources that reduce carbon emissions. However, we have serious concerns that government incentives and mandates promoting renewable fuel growth have created unintended consequences in supply and demand for animal- and plant-based oils and fats.

Renewable fuel tax credits and mandates for biodiesel create an unfair government-driven market advantage to the energy sector and a disadvantage to companies purchasing ingredients for pet food. Tax credits that favor fuel production over food production create market distortions, producing one problem in a heavy-handed attempt to address another. While other industries reap tax credits for their commodities' use in renewable fuel, the feed industry bears the brunt of this disadvantaged domestic supply, facing significant burdens of cost and sourcing for these critical ingredients. Our members have seen notable input price increases we believe are attributable in large part to the competition for grains by both food and fuel producers.

Renewable fuel demand, particularly renewable diesel, has spiked the price for animal- and plant-based oils and fats to two times their current market value, thus drastically increasing the cost of critical ingredients that pet food makers source for the nutrition and palatability of cat and dog food. Pet food makers rely on the essential fatty acids, found in oils and fat, to formulate foods that deliver nutrients that perform key functions in dog and cat immune and visual systems, as well as supporting a healthy skin and coat. Our members' commitment to long and healthy lives for pets means that they rely on access to dozens of animal- and plant-based oil and fat ingredients. This access is threatened by increased competition for animal protein by-products, grains and grain by-products as a result of tax

incentives and mandates.

PFI's members report facing an unprecedented increase in the price of plant-origin ingredients, such as soybean oil, that we believe is attributable to the competition for grains from renewable fuel producers. Our members also reported dwindling access to these ingredients in 2021. While the U.S. historically was able to meet domestic soybean oil needs, our country alarmingly became a net importer of soybean oil in September and October of 2021, and food makers have been forced to import foreign soybean oil, which is more expensive due to heavy tariffs.

Left unchecked, these incentives and drivers for growth of demand for renewable fuels will continue to distort markets for food inputs, effectively making these critical pet food inputs inaccessible for many pet food makers and forcing companies to develop product formulations primarily based more on ingredient access than on ideal complete and balanced formulation considerations.

Now more than ever, it is important to people in the U.S. and around the world to find comfort and companionship with their pets. The human-animal bond is the documented occurrence of a positive connection established between you and your pet, that benefits both of you. In addition to providing companionship, numerous studies have documented the positive effects of the human-animal bond, which provides profound mental, social and physical health benefits for both owners and their companion animals. For example, studies indicate that sharing your life with a dog or cat can help reduce blood pressure and reduce levels of stress, and data indicate that animals can play a role in managing depression.

The last two years have been very challenging, and 2022 will continue to present significant sourcing challenges for pet food makers. Now is not the time to favor the energy sector and disadvantage the feed industry by increasing ingredient costs, risking supply shortages, and adding another layer of stress to pet food makers, pet parents and the pets they love. **PFI respectfully requests that the committee reject tax incentives for biodiesel fuels that use or include animal- and plant-based oils and fats that are historically used in human and pet food.**

On behalf of PFI members, whose nearly 25,000 employees in 32 states provide safe food for the 180 million pets across the U.S., we thank you for the opportunity to share our views.

Sincerely,



Savonne Caughey
Senior Director of Advocacy and Government Relations
Pet Food Institute

SB 2478 SD 2 HD 1 TESTIMONY

LATE

To: House Consumer Protection Committee
Hearing on March 2, 2022 at 2:00 p.m.

From: John Kawamoto

Position: Oppose

Last year the Legislature declared a climate emergency by adopting S.C.R. 44, which acknowledges that we've done far too little to mitigate climate change. Our efforts have been paltry compared to what is needed to reduce carbon emissions.

Carbon emissions due to human activity are higher than ever, and going even higher. Data from the Mauna Loa Observatory show that the concentration of carbon dioxide in the atmosphere has increased unabated every year since 1959 until now. Hawaii is part of that frightening trend.

Carbon dioxide, once emitted, stays in the atmosphere for 300 to 1,000 years, according to NASA. We are observing only the beginning effects of climate change, and there is no button that can be pushed to stop it. In the coming decades, scientific data indicate that climate change will be devastating. We can only prevent a global climate catastrophe. The livability of Earth for future generations is at stake.

The Legislature has set targets of 100% renewable energy and zero carbon emissions. Due to the climate emergency, these targets should be moved up, and we should be moving as quickly as possible toward clean, renewable energy.

Of course, the fossil fuel industry would disagree with the urgency that is required. After all, they have a fiduciary duty to their shareholders. Their priority is not the well-being of society in general, much less future generations.

This bill encourages the production of renewable fuels, but not clean, renewable fuels. The bill also allows renewable feedstocks, but not clean, renewable feedstocks. Some of the allowable feedstocks are even dirtier than coal, which is considered to be dirty energy.

This bill should not be passed because it does not embody the clean, renewable energy future that Hawaii should embrace. We should be willing to make sacrifices for future generations.

LATE

SB-2478-HD-1

Submitted on: 3/22/2022 2:03:03 PM

Testimony for CPC on 3/21/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Christopher Finau	Individual	Support	Written Testimony Only

Comments:

I am in support