
A BILL FOR AN ACT

RELATING TO GOVERNMENT.

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

1 PART I

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

3 (1) Promote economic development for local food and energy
4 businesses by establishing necessary funding,
5 guidance, and infrastructure;

6 (2) Ensure Hawaii is energy and food self-sufficient and
7 sustainable to the maximum extent feasible; and

8 (3) Raise general funds during fiscally challenging times.

9 Hawaii is at a crossroads. As the most geographically
10 isolated state in the country, we are dangerously dependent on
11 imports for basic food and energy needs. We import about
12 eighty-five per cent of our food and ninety-five per cent of our
13 energy. It has been estimated that Hawaii exported
14 \$8,600,000,000 for food and oil in 2008, and every dollar
15 exported is a lost opportunity to support and invest in local
16 business. Our dependence on imports also exposes residents and
17 businesses to volatile food and energy costs as oil prices
18 fluctuate.

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1 In addition, the mass consumption of fossil fuels, driven
2 by our dependence on food and energy imports, contributes to
3 global warming and the deterioration of the environment,
4 imposing potentially major but unknown costs and other impacts
5 on Hawaii's people.

6 Although Hawaii is home to renewable energy resources like
7 solar, wind, ocean, and geothermal, we as a community have not
8 taken advantage of alternative energy and energy efficiency
9 solutions to make our State more energy independent. As an
10 example, despite year-round sunshine, only thirty per cent of
11 Hawaii's residents have solar water heaters.

12 Similarly, many acres of highly productive agricultural
13 lands are not being farmed. Currently, Hawaii has a fresh
14 supply of produce for no more than ten days. Ninety per cent of
15 the beef, sixty-seven per cent of fresh vegetables, sixty-five
16 per cent of fresh fruits, and seventy per cent of milk consumed
17 in this state are imported. While Hawaii may never produce one
18 hundred per cent of its food, the risks and costs to society by
19 this dependence on imported food cannot be ignored.

20 Like energy, producing local food would reduce Hawaii's
21 demand for fossil fuels, keep money in our community, and

1 decrease the vulnerability to food supply disruptions caused by
2 natural disasters or worldwide economic events.

3 Now is the time for bold action to squarely address
4 Hawaii's energy and food requirements. It will require
5 long-term commitment, dedication, and investment by government,
6 the private sector, and Hawaii's people to dramatically shift
7 our present course of importing food and energy toward a more
8 energy independent and agriculturally sustainable society. As a
9 State and as a people, we must decide whether we will continue
10 to be dependent on external sources for our basic needs, or
11 whether we will build, invest in, and develop the capacity to
12 become food and energy independent.

13 The legislature finds that it is in the best interests of
14 Hawaii's people to build the capacity we need to become energy
15 and food self-sufficient. As discussed in the Hawaii 2050
16 Sustainability Plan and Hawaii Clean Energy Initiative, Hawaii
17 has all the necessary assets to significantly improve
18 sustainability and independence over the next twenty years if
19 appropriate personnel resources and sustainable funding are used
20 wisely. To succeed, the State must ensure that our long-term
21 strategy is well-resourced, coordinated, and focused.

1 This Act creates a Hawaii economic development task force
2 to accelerate and support public and private efforts to make
3 Hawaii energy and food self-sufficient, consistent with the
4 Hawaii 2050 Sustainability Plan, the Hawaii Clean Energy
5 Initiative, and other government and community planning efforts.
6 The Hawaii economic development task force shall set priorities
7 for government agencies, determine how funds shall be allocated,
8 develop an overall road map to achieve the purpose of this Act,
9 and identify the economic development, workforce, and consumer
10 education issues relating to the production of food and energy.

11 The legislature intends that the Hawaii economic
12 development task force take an interdisciplinary approach to
13 seek the most efficient and effective pathways for interagency
14 coordination. The Hawaii economic development task force shall
15 work collaboratively with all levels of government and the
16 private and nonprofit sectors to address water, land,
17 regulatory, and natural resource issues intertwined with food
18 and fuel production. Such an approach ensures that energy and
19 food policy development is integrated within the overall
20 economic, social, environmental, and cultural aspects of
21 society. With an understanding of these overlapping goals and

1 resources, our State can maximize the opportunities to ensure
2 food and energy security for generations to come.

3 The legislature finds that undertaking this important task
4 of energy and food security requires substantial financial
5 resources. An investment and long-term commitment by the State
6 must be made. To that end, this Act also increases the per-
7 barrel tax on petroleum products under the environmental
8 response, energy, and food security tax, formerly known as the
9 environmental response tax.

10 PART II

11 SECTION 2. Section 128D-2, Hawaii Revised Statutes, is
12 amended to read as follows:

13 **"§128D-2 Environmental response revolving fund; uses. (a)**

14 There is created within the state treasury an environmental
15 response revolving fund, which shall consist of moneys
16 appropriated to the fund by the legislature, moneys paid to the
17 fund as a result of departmental compliance proceedings, moneys
18 paid to the fund pursuant to court-ordered awards or judgments,
19 moneys paid to the fund in court-approved or out-of-court
20 settlements, all interest attributable to investment of money
21 deposited in the fund, moneys [~~generated by~~] deposited in the
22 fund from the environmental response, energy, and food security

1 tax [~~established in~~] pursuant to section 243-3.5, and moneys
2 allotted to the fund from other sources[~~; provided that when the~~
3 ~~total balance of the fund exceeds \$20,000,000, the department of~~
4 ~~health shall notify the department of taxation of this fact in~~
5 ~~writing within ten days. The department of taxation then shall~~
6 ~~notify all distributors liable for collecting the tax imposed by~~
7 ~~section 243-3.5 of this fact in writing, and the imposition of~~
8 ~~the tax shall be discontinued beginning the first day of the~~
9 ~~second month following the month in which notice is given to the~~
10 ~~department of taxation. If the total balance of the fund~~
11 ~~thereafter declines to less than \$3,000,000, the department of~~
12 ~~health shall notify the department of taxation which then shall~~
13 ~~notify all distributors liable for collecting the tax imposed by~~
14 ~~section 243-3.5 of this fact in writing, and the imposition of~~
15 ~~the tax shall be reinstated beginning the first day of the~~
16 ~~second month following the month in which notice is given to the~~
17 ~~department of taxation].~~

18 (b) Moneys from the fund shall be expended by the
19 department for response actions and preparedness, including
20 removal and remedial actions, consistent with this chapter;
21 provided that the revenues generated by the [~~"environmental~~
22 ~~response tax"~~ and] environmental response, energy, and food

1 security tax deposited into the environmental response revolving
2 fund:

3 (1) Shall [~~also~~] be used:

4 (A) For oil spill planning, prevention, preparedness,
5 education, research, training, removal, and
6 remediation; and

7 (B) For direct support for county used oil recycling
8 programs; and

9 [~~(C) For deposit into the energy security special
10 fund, established under section 201-12.8, as may
11 be appropriated by the legislature; and]~~

12 (2) May also be used to support environmental protection
13 and natural resource protection programs, including
14 but not limited to energy conservation and alternative
15 energy development, and to address concerns related to
16 air quality, global warming, clean water, polluted
17 runoff, solid and hazardous waste, drinking water, and
18 underground storage tanks, including support for the
19 underground storage tank program of the department and
20 funding for the acquisition by the State of a soil
21 remediation site and facility."

1 SECTION 3. Section 243-3.5, Hawaii Revised Statutes, is
2 amended as follows:

3 1. By amending its title and subsection (a) to read:

4 "**§243-3.5 Environmental response, energy, and food**
5 **security tax; uses.** (a) In addition to any other taxes
6 provided by law, subject to the exemptions set forth in section
7 243-7, there is hereby imposed [~~at times provided in section~~
8 ~~128D-2~~] a state environmental response, energy, and food
9 security tax of [~~5 cents~~] \$ _____ on each barrel or fractional
10 part of a barrel of petroleum product sold by a distributor to
11 any retail dealer or end user, other than a refiner, of
12 petroleum product; provided that:

13 (1) _____ cents of the tax on each barrel shall be [~~used~~
14 ~~pursuant to section 128D-2 to address concerns~~
15 ~~relating to drinking water.~~] deposited into the
16 environmental response revolving fund established
17 under section 128D-2;

18 (2) _____ cents of the tax on each barrel shall be
19 deposited into the energy security special fund
20 established under section 201-12.8;

1 development task force shall develop and maintain a broad
2 overview of energy and food security issues that apply an
3 interdisciplinary approach to ensure that Hawaii's energy and
4 food policy and program development is integrated within the
5 overall economic, social, environmental, and cultural aspects of
6 society. The Hawaii economic development task force shall:

- 7 (1) Identify and review each state and county agency's
8 policy objectives, mandates, organizational structure,
9 and resources to address energy and food security
10 issues;
- 11 (2) Identify all federal and private funds available to
12 the State and counties to address energy and food
13 security issues;
- 14 (3) Identify effective measures for interagency
15 cooperation, coordinate efforts with the counties, and
16 bolster public and private sector partnerships to
17 achieve the objective of energy and food security;
- 18 (4) Identify existing programs and agreements addressing
19 energy and food security that may be enhanced through
20 legislation;
- 21 (5) Investigate alternative institutional mechanisms to
22 promote the efficient execution and implementation of

- 1 a multi-year strategy to achieve energy and food
2 security;
- 3 (6) Investigate the streamlining of administrative
4 processes to accelerate and achieve energy and food
5 security;
- 6 (7) Provide an appropriate forum for all affected or
7 interested parties to address energy and food security
8 issues;
- 9 (8) Recommend appropriate legislation resulting from its
10 findings to improve, accelerate, and achieve the
11 objective of energy and food security;
- 12 (9) Review whether:
- 13 (A) The apportionment of the environmental response,
14 energy, and food security tax among the funds
15 listed under section 243-3.5, Hawaii Revised
16 Statutes, is appropriate;
- 17 (B) The apportionment should be changed; and
- 18 (C) Any additional special, trust, or revolving fund
19 should receive a share of the tax;
- 20 and
- 21 (10) Perform any other function necessary to effectuate the
22 purposes of this part.

1 (b) The Hawaii economic development task force shall
2 consist of the following members:

3 (1) The director of business, economic development, and
4 tourism or the director's designee;

5 (2) The chairperson of the board of agriculture or the
6 chairperson's designee;

7 (3) The director of the office of planning or the
8 director's designee;

9 (4) The chairperson of the board of land and natural
10 resources or the chairperson's designee;

11 (5) The dean of the University of Hawaii college of
12 tropical agriculture and human resources or the dean's
13 designee;

14 (6) The speaker of the house of representatives or the
15 speaker's designee;

16 (7) The president of the senate or the president's
17 designee; and

18 (8) A representative from each county economic development
19 board.

20 (c) The Hawaii economic development task force's members
21 shall serve without compensation but shall be reimbursed for

1 expenses, including travel expenses, necessary for the
2 performance of their duties.

3 (d) In the performance of its duties, the Hawaii economic
4 development task force shall consult with appropriate private,
5 nonprofit, community, and government stakeholders.

6 (e) The department of business, economic development, and
7 tourism may contract with the University of Hawaii for any
8 services to support the work of the Hawaii economic development
9 task force.

10 (f) The Hawaii economic development task force shall
11 submit a report of its findings and recommendations, including
12 any proposed legislation, to the legislature no later than
13 twenty days prior to the convening of the regular session of
14 2010.

15 The task force also shall submit a follow-up report to the
16 legislature no later than twenty days prior to the convening of
17 the regular session of 2011. The report shall include a
18 description of the activities funded by the environmental
19 response, energy, and food security tax, progress made toward
20 energy and food self-sufficiency, and additional action
21 necessary to achieve energy and food self-sufficiency.

1 (g) The Hawaii economic development task force shall cease
2 to exist on June 30, 2011.

3 SECTION 5. There is appropriated out of the general
4 revenues of the State of Hawaii the sum of \$1 or so much thereof
5 as may be necessary for fiscal year 2009-2010 and the same sum
6 or so much thereof as may be necessary for fiscal year 2010-2011
7 for the purpose of supporting the work of the Hawaii economic
8 development task force. The appropriation shall be made from
9 the portion of the environmental response, energy, and food
10 security tax that is deposited into the general fund.

11 The sum appropriated shall be expended by the department of
12 business, economic development, and tourism for the purposes of
13 this part.

14 PART IV

15 SECTION 6. Act 209, Session Laws of Hawaii 2007, is
16 amended by amending section 6 to read as follows:

17 "SECTION 6. This Act shall take effect on July 1, 2007[~~+~~
18 ~~provided that section 2 of this Act shall be repealed on~~
19 ~~June 30, 2009]."~~

20 PART V

1 SECTION 7. This Act does not affect rights and duties that
2 matured, penalties that were incurred, and proceedings that were
3 begun, before its effective date.

4 SECTION 8. Statutory material to be repealed is bracketed
5 and stricken. New statutory material is underscored.

6 SECTION 9. This Act shall take effect on July 1, 2020.

7

Report Title:

Food and Energy Security Program Establishment; Gasoline Tax;
Alcohol Fuels; Exemption; Repeal; Sunset Clause

Description:

Establishes the Hawaii economic development task force to address Hawaii's energy and food security needs. Revises the tax collected on each barrel of petroleum product sold by a distributor. Allocates portions of the taxes collected to various funds, including the general fund. Repeals the sunset date of the general excise tax exemption on gross income or proceeds from the sale of alcohol fuels. Effective date 7/1/2020. (SD2)