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**A BILL FOR AN ACT**

RELATING TO SUSTAINABILITY.

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

1           SECTION 1. The Legislature finds that the State needs to  
2 direct new revenues towards new priorities and move immediately  
3 to drive the clean energy and food sustainability agenda in  
4 Hawaii. Through Act 73, Session Laws of Hawaii 2010, the  
5 legislature recognized that it is in the best interest of  
6 Hawaii's people to build the capacity needed to become self-  
7 sufficient in our energy and food needs as stated in the "Hawaii  
8 2050 Sustainability Plan" and the "Hawaii Clean Energy  
9 Initiative".

10           The State of Hawaii relies on imports for approximately  
11 ninety per cent of our energy and food needs. This dependency  
12 is economically and environmentally unsustainable, and  
13 undertaking the important task of energy and food security  
14 requires a long-term commitment and investment of substantial  
15 financial resources. Act 73 was therefore enacted to increase  
16 the per-barrel tax on petroleum products under the environmental  
17 response, energy, and food security tax, formerly known as the  
18 environmental response tax.

1 SECTION 2. The legislature further finds and declares that  
2 the environmental response, energy, and food security tax was  
3 intended to support critical investments in clean energy and  
4 local agricultural production in order to reduce the State's  
5 dependence on imported fossil fuels and food products. As  
6 currently apportioned, only a combined \$0.30 of the \$1.05 per-  
7 barrel tax is being allocated to the energy security fund and  
8 the agricultural development and food security special fund,  
9 with just \$0.15 is going to each fund; while the majority of the  
10 funds, \$0.60 per barrel, is going directly to the General Fund.  
11 This was clearly not the intent of the aforementioned Act.  
12 Increasing the allocated amount from \$0.15 to \$0.45 to the  
13 energy security fund and the agricultural development and food  
14 security special fund, respectively, will support the intended  
15 purposes of Act 73 of 2010 and is a clear public benefit.

16 SECTION 3. Section 243-3.5, Hawaii Revised Statutes, is  
17 amended by amending subsection (a) to read as follows:

18 "(a) In addition to any other taxes provided by law,  
19 subject to the exemptions set forth in section 243-7, there is  
20 hereby imposed as state environmental response, energy, and food  
21 security tax on each barrel or fractional part of a barrel of  
22 petroleum product sold by a distributor to any retail dealer or

1 end user of petroleum product, other than a refiner. The tax  
2 shall be \$1.05 on each barrel or fractional part of a barrel of  
3 petroleum product that is not aviation fuel; provided of that  
4 the tax collected pursuant to this subsection:

5 (1) 5 cents of the tax on each barrel shall be deposited  
6 into the environmental response revolving fund  
7 established under section 128D-2;

8 (2) [~~15~~] 45 cents of the tax on each barrel shall be  
9 deposited into the energy security special fund  
10 established under section 201-12.8;

11 (3) 10 cents of the tax on each barrel shall be deposited  
12 into the energy systems development special fund  
13 established under section 304A-2169; and

14 (4) [~~15~~] 45 cents of the tax on each barrel shall be  
15 deposited in to the agricultural development and food  
16 security special fund established under section 141-10.

17 The tax imposed by this subsection shall be paid by the  
18 distributor of the petroleum product."

19 SECTION 4. This Act does not affect the rights and duties  
20 that matured, penalties that were incurred, and proceedings that  
21 were begun, before its effective date.

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1 SECTION 5. Statutory material to be repealed is bracketed  
2 and stricken. New statutory material is underscored.

3 SECTION 6. This Act shall take effect on July 1, 2011.

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INTRODUCED BY:

*Calvin K. Jay*

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BY REQUEST

JAN 24 2011

HB1019

**Report Title:**

Act 73 of 2010; Environmental Response, Energy, and Food Security Tax; Energy Security Special Fund; Agricultural Development Special Fund (\$)

**Description:**

Authorizes the revision of allocation from the Environmental Response, Energy, and Food Security Tax. Effective 07/01/11.

JUSTIFICATION SHEET

HB1019

DEPARTMENT: Business, Economic Development, and Tourism

TITLE: A BILL FOR AN ACT RELATING TO SUSTAINABILITY.

PURPOSE: To encourage locally grown food, feed, and fuels; decrease Hawaii's reliance on imports; and support economic diversification.

MEANS: Amend section 243-3.5(a), Hawaii Revised Statutes.

JUSTIFICATION: The Environmental Response, Energy, and Food Security Tax was intended to support critical investments in clean energy and local agricultural production in order to reduce the State's dependence on imported fossil fuels and food products. This bill allocates all of tax proceeds to special funds by specifying that, beginning in 2011, 45 cents of the per-barrel tax shall be deposited into the energy security special fund; and 45 cents of the per-barrel tax shall be deposited into the agricultural development and food security special fund.

Impact on the public: This measure increases public investment towards energy and agricultural self-sufficiency without increasing taxes.

Impact on the department and other agencies: The Department of Budget and Finance will be tasked with enforcing the requirement.

GENERAL FUND: The amount per barrel deposited into the general fund will be reduced from 60 cents to 0 cents.

OTHER FUNDS: None.

PPBS PROGRAM DESIGNATION: BED-120.

OTHER AFFECTED AGENCIES: Department of Agriculture.

EFFECTIVE DATE: July 1, 2011.