

JAN 25 2012

A BILL FOR AN ACT

RELATING TO THE DEPARTMENT OF LAND AND NATURAL RESOURCES.

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

1 SECTION 1. The legislature finds that the State's natural
2 environment and ecosystem is in a fragile position when
3 considering the amount of carbon emissions released into the
4 environment each day and the lack of a significant program or
5 remedy in place to reduce those carbon emissions.

6 As the most geographically isolated state in the country,
7 Hawaii at a crossroads. The harsh reality of global warming has
8 put Hawaii in a dangerous position that has grown dependent on
9 fossil fuels. Our dependence on fossil fuels has exposed
10 residents and businesses alike to the likelihood of a volatile
11 cost of living as oil prices fluctuate in the future.

12 In addition, the State's mass consumption of fossil fuels,
13 driven by our dependence on fossil fuels, has contributed to
14 climate change and the deterioration of the environment, and
15 anticipated conditions such as more severe storm events, overall
16 less rainfall, warmer temperatures that may favor invasive
17 species, sea level rise, and ocean acidification that hampers
18 coral growth. These climate changes will likely impose major,



1 but not fully understood costs, and other impacts on Hawaii's
2 people and the natural environment we depend upon to support our
3 lives in the middle of the Pacific. Nowhere is it more obvious
4 than in remote islands like Hawaii that our lives and economy
5 are intertwined with the health and function of the natural
6 world around us.

7 Although Hawaii is home to renewable energy resources like
8 solar, wind, ocean, and geothermal, we as a community have not
9 taken full advantage of those alternative energy systems and
10 solutions to make our natural environment better and our State
11 more energy independent. As an example, despite year-round
12 sunshine, only thirty per cent of Hawaii's residents have solar
13 water heaters. Similarly, many acres of highly productive
14 agricultural lands are not being farmed.

15 Now is the time for our State to take bold action to
16 squarely address Hawaii's climate crisis and plan for and
17 address the inevitable effects of climate change. It will
18 require long-term commitment and dedication from Hawaii's people
19 to dramatically shift our present course toward a more energy
20 independent and sustainable society.

21 The legislature finds that the State needs to develop a
22 program that would incentivize businesses to adopt and practice



1 environmentally friendly measures that would result in reducing
2 carbon emissions that businesses release into our environment.
3 One such mechanism that has gained success in Europe after the
4 Kyoto Protocol has been the certification and selling of carbon
5 credits.

6 The purpose of this Act is to create a carbon credits
7 program in Hawaii that would incentivize and reward businesses
8 or individuals for keeping land designated as conservation or
9 that adopt, practice, and adhere to clean energy initiatives,
10 consistent with the Hawaii 2050 Sustainability Plan, over the
11 long-term.

12 SECTION 2. The Hawaii Revised Statutes is amended by
13 adding a new chapter to title 12, subtitle 6, to be
14 appropriately designated and to read as follows:

15 **"CHAPTER**

16 **CARBON CREDITS PROGRAM**

17 **§ -1 Carbon credits program.** (a) The department shall
18 establish a carbon credits program that will establish a process
19 for creation, transfer, and sale of carbon credits among public
20 and private agencies in the State to ensure land conservation
21 and reduced carbon emission standards.

22 (b) For the purposes of this section:



1 "Carbon credit" means a financial benefit that is
2 registered and certified by the department that allows the
3 holder of the carbon credit to a financial benefit determined by
4 the department for keeping land designated as conservation or
5 reducing the emission of carbon or greenhouses gases on the
6 land.

7 "Carbon emissions" means the emission of a greenhouse gas
8 that consists of a single carbon atom and two oxygen atoms on a
9 molecular level.

10 "Emissions" means the release of greenhouse gases into the
11 atmosphere from sources and processes in a facility, including
12 from the combustion of transportation fuels such as natural gas,
13 petroleum products, and natural gas liquids. In the context of
14 offsets, "emissions" means the release of greenhouse gases into
15 the atmosphere from sources and processes within an offset
16 project boundary.

17 "Other greenhouse Gases" means methane, nitrous oxide,
18 sulfur hexafluoride, hydrofluorocarbons, or perfluorocarbons.

19 "Registered and certified" means a business or individual
20 that has completed the process for registration and
21 certification as prescribed and adopted by the department.



1 (c) The department shall adopt rules pursuant to chapter
2 91 necessary to carry out the purposes of this section. The
3 rules shall include but not be limited to:

4 (1) Establishing an objective mechanism that determines a
5 financial benefit for a business or individual
6 landowner under this chapter and a method to determine
7 the fair market value of each carbon credit for
8 transactions involving state agencies;

9 (2) Setting time limits by which the taxpayer may apply
10 carbon credits;

11 (3) Determining any limits on the total number of carbon
12 credits each taxpayer may sell or purchase in a
13 calendar year and in the aggregate over a lifetime;

14 (4) Developing a system of registration and certification
15 of carbon credits issued or transferred pursuant to
16 this section;

17 (5) Establishing trading rules and standards for
18 measurement and verification of carbon credits; and

19 (6) Reporting and tracking requirements of conservation
20 efforts.

21 (d) Each business or individual that is registered and
22 certified under this chapter shall provide an annual report to



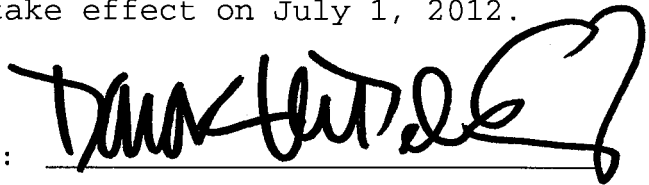
1 the department no later than March 1 of each year that includes
2 the following at a minimum:

- 3 (1) The amount of carbon emissions and other greenhouse
4 gases in metric tons that were emitted in the past
5 calendar year;
- 6 (2) Copies of all data and reports pursuant to being
7 registered and certified under this chapter;
- 8 (3) Records used to calculate the compliance obligation
9 under this chapter; and
- 10 (4) Emissions data and product data verification."

11 SECTION 3. This Act shall take effect on July 1, 2012.

12

INTRODUCED BY:



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S.B. NO. 3013

Report Title:

Carbon Credits Program; Carbon Emissions; Department of Land and Natural Resources

Description:

Establishes a carbon credits program in the department of land and natural resources. Requires the department to adopt rules for the sale and transfer of carbon credits among public and private agencies to ensure land conservation and reduced carbon emission standards.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

