

STAND. COM. REP. NO.

345

Honolulu, Hawaii

FEB 15 2013

RE: S.B. No. 17
S.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2013
State of Hawaii

Madam:

Your Committee on Energy and Environment, to which was referred S.B. No. 17 entitled:

"A BILL FOR AN ACT RELATING TO FOSSIL FUELS,"

begs leave to report as follows:

The purpose and intent of this measure is to levy the environmental response, energy, and food security tax on all liquid and gaseous fuels.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and Tourism; Department of Health; Hawaii Natural Energy Institute; Conservation Council for Hawaii; Sierra Club Hawaii Chapter; Blue Planet Foundation; Ililani Media; and one individual. Your Committee received comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

The environmental response revolving fund is used to respond to and clean up hazardous materials released into the environment, protect state waters, and regulate solid and hazardous wastes. Your Committee notes that due to a variety of factors, there has been a steady decrease in the balance of the environmental response revolving fund. Your Committee finds that due to significant strains put on the environment from natural gas and coal importation and use in the State, it is necessary to extend application of the environmental response, energy, and food security tax to all liquid, gaseous, and solid fossil fuels, including natural gas and coal, to ensure that all fossil fuels



are adequately taxed to fund appropriate environmental response and protection.

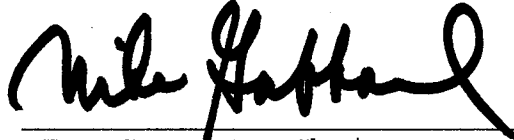
Your Committee has amended this measure by:

- (1) Adding a definition of "fossil fuel," which includes all gaseous, liquid, or solid fossil fuels;
- (2) Taxing gaseous fossil fuels at 12 cents per 1,000 cubic feet and coal at \$4 per short ton, with certain exceptions, and making conforming amendments;
- (3) Amending the allocations of the environmental response, energy, and food tax collected to the environmental response revolving fund, energy security special fund, energy systems development special fund, and agricultural development and food security special fund;
- (4) Deleting the repeal date of the portion of Act 253, Session Laws of Hawaii 2007, as amended, that established chapter 304A, part IV, subpart N, Hawaii Revised Statutes, relating to the Hawaii Natural Energy Institute, and section 304A-2169, Hawaii Revised Statutes, relating to the energy systems development special fund; and
- (5) Appropriating monies out of the:
 - (A) Energy security special fund;
 - (B) Agricultural development and food security special fund; and
 - (C) Environmental response revolving fund.

As affirmed by the record of votes of the members of your Committee on Energy and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 17, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 17, S.D. 1, and be referred to the Committee on Ways and Means.



Respectfully submitted on
behalf of the members of the
Committee on Energy and
Environment,



MIKE GABBARD, Chair



