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# A BILL FOR AN ACT

RELATING TO THE ENVIRONMENTAL RESPONSE, ENERGY, AND FOOD  
SECURITY TAX.

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

- 1 SECTION 1. The purpose of this Act is to:
- 2 (1) Re-establish the energy systems development special
- 3 fund, which was repealed on June 30, 2013;
- 4 (2) Increase the amount of the environmental response,
- 5 energy, and food security tax to be deposited into the
- 6 environmental response revolving fund; and
- 7 (3) Extend various allocations of the environmental
- 8 response, energy, and food security tax from June 30,
- 9 2015, to June 30, 2030.

10 SECTION 2. Chapter 304A, Hawaii Revised Statutes, is

11 amended by adding three new sections to be appropriately

12 designated and to read as follows:

13 **"§304A-A Energy systems development special fund. (a)**

14 There is established the energy systems development special fund

15 for the purpose of developing an integrated approach to and

16 portfolio management of renewable energy and energy efficiency

17 technology projects that will reduce Hawaii's dependence on



1 fossil fuel, imported oil, and other imported energy resources  
2 and move Hawaii toward energy self-sufficiency.

3 (b) Deposits into the special fund may be from the  
4 following:

5 (1) Appropriations from the legislature;

6 (2) A portion of the environmental response, energy, and  
7 food security tax pursuant to section 243-3.5; and

8 (3) Investment earnings, gifts, donations, or other income  
9 received by the Hawaii natural energy institute.

10 (c) The Hawaii natural energy institute shall administer  
11 the special fund and may expend revenues of the special fund for  
12 the following activities:

13 (1) Obtaining matching funds from federal and private  
14 sources for research, development, and demonstration  
15 of renewable energy sources;

16 (2) Awarding contracts or grants to develop and deploy  
17 technologies that will reduce Hawaii's dependence on  
18 imported energy resources and imported oil. Projects  
19 may be commissioned that:

20 (A) Balance the risk, benefits, and time horizons of  
21 the investment to ensure tangible benefits to the



- 1           Hawaii consumer, with priority given to short-
- 2           term technology development;
- 3           (B) Emphasize innovative and renewable energy supply
- 4           and energy efficient end use technologies
- 5           focusing on environmental attributes,
- 6           reliability, and affordability;
- 7           (C) Enhance transmission and distribution
- 8           capabilities of renewable energy supply for
- 9           electricity;
- 10          (D) Enhance reliability and storage capabilities of
- 11          renewable energy for electricity;
- 12          (E) Ensure that research, deployment, and
- 13          demonstration efforts build on existing programs
- 14          and that resources are not duplicated;
- 15          (F) Address critical technical and scientific
- 16          barriers to achieving energy self-sufficiency by
- 17          reducing dependence on imported oil and imported
- 18          energy resources;
- 19          (G) Ensure that technology used and developed for
- 20          renewable energy production and distribution will
- 21          be commercially viable; and



1           (H) Give priority to resources that are indigenous  
2                           and unique to Hawaii; and

3           (3) Managing the portfolio of projects commissioned under  
4                           this subsection.

5           §304A-B Periodic evaluation.   (a) Evaluations shall be  
6           conducted of the projects and activities funded by the energy  
7           systems development special fund. The evaluation shall assess,  
8           using objective criteria, the degree to which the projects and  
9           activities comport with and achieve the stated objectives of the  
10           energy systems development special fund pursuant to section  
11           304A-A.

12           (b) The initial evaluation shall be conducted beginning  
13           July 1, 2017, and every three years thereafter by a two-person  
14           panel of independent energy and environmental technical experts  
15           who shall be appointed by the director of business, economic  
16           development, and tourism and who are not affiliated with the  
17           Hawaii natural energy institute. The panel shall submit a  
18           report of the results of each evaluation to the legislature no  
19           later than twenty days prior to the convening of the following  
20           regular session. The Hawaii natural energy institute shall  
21           cooperate with and provide support to the evaluation panel.



1        §304A-C Plan of action. Prior to the initiation of any  
2 projects or activities authorized by section 304A-A, the Hawaii  
3 natural energy institute shall develop a plan of action in  
4 coordination with the state energy resources coordinator with  
5 the intent of promoting effective prioritization and focusing of  
6 efforts consistent with the State's energy programs."

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

9        "(a) In addition to any other taxes provided by law,  
10 subject to the exemptions set forth in section 243-7, there is  
11 hereby imposed a state environmental response, energy, and food  
12 security tax on each barrel or fractional part of a barrel of  
13 petroleum product sold by a distributor to any retail dealer or  
14 end user of petroleum product, other than a refiner. The tax  
15 shall be \$1.05 on each barrel or fractional part of a barrel of  
16 petroleum product that is not aviation fuel; provided that of  
17 the tax collected pursuant to this subsection:

18        (1) [5] \_\_\_\_\_ cents of the tax on each barrel shall be  
19 deposited into the environmental response revolving  
20 fund established under section 128D-2;



1 (2) 15 cents of the tax on each barrel shall be deposited  
2 into the energy security special fund established  
3 under section 201-12.8;

4 (3) 10 cents of the tax on each barrel shall be deposited  
5 into the energy systems development special fund  
6 established under section 304A-2169; and

7 (4) 15 cents of the tax on each barrel shall be deposited  
8 into the agricultural development and food security  
9 special fund established under section 141-10.

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

12 SECTION 4. Act 73, Session Laws of Hawaii 2010, is amended  
13 as follows:

14 1. By amending section 10 to read:

15 "SECTION 10. Any unexpended or unencumbered funds  
16 remaining in the agricultural development and food security  
17 special fund established by this Act, as of the close of  
18 business on June 30, [~~2015~~] 2030, shall lapse to the credit of  
19 the general fund."

20 2. By amending section 14 to read:

21 "SECTION 14. This Act shall take effect on July 1, 2010;  
22 provided that sections 2, 3, 4, and 7 of this Act shall be



1 repealed on June 30, [~~2015~~,] 2030, and sections 128D-2,  
2 201-12.8, and 243-3.5, Hawaii Revised Statutes, shall be  
3 reenacted in the form in which they read on June 30, 2010."

4 SECTION 5. In codifying the new sections added to chapter  
5 304A, Hawaii Revised Statutes by section 2 of this Act, the  
6 revisor of statutes shall substitute appropriate section numbers  
7 for the letters used in designating and referring to the new  
8 sections in this Act.

9 SECTION 6. Statutory material to be repealed is bracketed  
10 and stricken. New statutory material is underscored.

11 SECTION 7. This Act shall take effect on July 1, 2050.



**Report Title:**

Environmental Response, Energy, and Food Security Tax; Energy Systems Development Special Fund; Barrel Tax

**Description:**

Re-establishes the energy systems development special fund, which was repealed on June 30, 2013. Changes the amount of the barrel tax for the environmental response, energy, and food security tax that shall be deposited into the environmental response revolving fund from five cents of the tax on each barrel to an unspecified amount to support environmental activities and programs. Extends the repeal of various allocations of the environmental response, energy, and food security tax from June 30, 2015, to June 30, 2030. Effective July 1, 2050. (SD1)

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

