

JAN 16 2014

A BILL FOR AN ACT

RELATING TO ENERGY.

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3 fund, which was repealed on June 30, 2013;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, energy security
7 special fund, and agricultural development and food
8 security special fund; and

9 (3) Extend the repeal of various allocations of the
10 environmental response, energy, and food security tax
11 from June 30, 2015, to June 30, 2030.

12 SECTION 2. Chapter 304A, Hawaii Revised Statutes, is
13 amended by adding three new sections to be appropriately
14 designated and to read as follows:

15 "§304A-A Energy systems development special fund. (a)

16 There is established the energy systems development special fund
17 for the purpose of developing an integrated approach to and
18 portfolio management of renewable energy and energy efficiency



1 technology projects that will reduce Hawaii's dependence on
2 fossil fuel, imported oil, and other imported energy resources
3 and move Hawaii toward energy self-sufficiency.

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

6 (1) Appropriations from the legislature;

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

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

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

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

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

21 (A) Balance the risk, benefits, and time horizons of
22 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 and 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 resources and 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] 10 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]~~ 42.5 cents of the tax on each barrel shall be
2 deposited into the energy security special fund
3 established 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,]~~ 304A-A; and
- 7 (4) ~~[15]~~ 42.5 cents of the tax on each barrel shall be
8 deposited into the agricultural development and food
9 security special fund established under section 141-
10 10.

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

13 SECTION 4. Act 73, Session Laws of Hawaii 2010, is amended
14 by amending section 14 to read as follows:

15 "SECTION 14. This Act shall take effect on July 1, 2010;
16 provided that sections 2, 3, ~~[4,]~~ and 7 of this Act shall be
17 repealed on June 30, 2015, and sections 128D-2~~[,]~~ and 201-12.8,
18 ~~[and 243-3.5,]~~ Hawaii Revised Statutes, shall be reenacted in
19 the form in which they read on June 30, 2010~~[,]~~; provided
20 further that section 4 of this Act shall be repealed on June 30,
21 2030, and section 243-3.5, Hawaii Revised Statutes, shall be
22 reenacted in the form in which it read on June 30, 2010."



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 upon its approval.

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S.B. NO. 2196

Report Title:

Energy; Barrel Tax; Energy Systems Development Special Fund

Description:

Re-establishes the energy systems development special fund, which was repealed on June 30, 2013. Increases the amount of the environmental response, energy, and food security tax to be deposited into the environmental response revolving fund, energy security special fund, and agricultural development and food security special fund. Extends the repeal of various allocations of the environmental response, energy, and food security tax from June 30, 2015, to June 30, 2030.

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