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# 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3 fund, which was repealed on June 30, 2013, and  
4 designate a portion of revenues collected from the  
5 environmental response, energy, and food security tax  
6 as a source of funding for this special fund;

7 (2) Increase the amount of the environmental response,  
8 energy, and food security tax to be deposited into the  
9 environmental response revolving fund, energy security  
10 special fund, and agricultural development and food  
11 security special fund;

12 (3) Amend the purpose of the hydrogen investment capital  
13 special fund to be for the development of hydrogen  
14 production, storage, and dispensing infrastructure and  
15 to authorize a one-time deposit of funds into this  
16 special fund from the revenues collected from the  
17 environmental response, energy, and food security tax;

18 and



1 (4) Extend the allocation of revenues collected from the  
2 environmental response, energy, and food security tax  
3 to various special funds from June 30, 2015, to June  
4 30, 2030.

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

8 "§304A-A Energy systems development special fund. (a)

9 There is established the energy systems development special fund  
10 for the purpose of developing an integrated approach to and  
11 portfolio management of renewable energy and energy efficiency  
12 technology projects that will reduce Hawaii's dependence on  
13 fossil fuel, imported oil, and other imported energy resources  
14 and move Hawaii toward energy self-sufficiency.

15 (b) Deposits into the special fund may be from the  
16 following:

- 17 (1) Appropriations from the legislature;  
18 (2) A portion of the environmental response, energy, and  
19 food security tax pursuant to section 243-3.5; and  
20 (3) Investment earnings, gifts, donations, or other income  
21 received by the Hawaii natural energy institute.



1        (c) The Hawaii natural energy institute shall administer  
2 the special fund and may expend revenues of the special fund for  
3 the following activities:

4        (1) Obtaining matching funds from federal and private  
5 sources for research, development, and demonstration  
6 of renewable energy sources;

7        (2) Awarding contracts or grants to develop and deploy  
8 technologies that will reduce Hawaii's dependence on  
9 imported energy resources and imported oil. Projects  
10 may be commissioned that:

11        (A) Balance the risk, benefits, and time horizons of  
12 the investment to ensure tangible benefits to the  
13 Hawaii consumer, with priority given to short-  
14 term technology development;

15        (B) Emphasize innovative and renewable energy supply  
16 and energy efficient end use technologies  
17 focusing on environmental attributes,  
18 reliability, and affordability;

19        (C) Enhance transmission and distribution  
20 capabilities of renewable energy supply for  
21 electricity;



- 1           (D) Enhance reliability and storage capabilities of  
2           renewable energy for electricity;
- 3           (E) Ensure that research, deployment, and  
4           demonstration efforts build on existing programs  
5           and resources and are not duplicated;
- 6           (F) Address critical technical and scientific  
7           barriers to achieving energy self-sufficiency by  
8           reducing dependence on imported oil and imported  
9           energy resources;
- 10          (G) Ensure that technology used and developed for  
11          renewable energy production and distribution will  
12          be commercially viable; and
- 13          (H) Give priority to resources that are indigenous  
14          and unique to Hawaii; and
- 15          (3) Managing the portfolio of projects commissioned under  
16          this subsection.

17          **§304A-B Periodic evaluation.** (a) Evaluations shall be  
18          conducted of the projects and activities funded by the energy  
19          systems development special fund. Using objective criteria, the  
20          evaluation shall assess the degree to which the projects and  
21          activities comport with and achieve the stated objectives of the



1 energy systems development special fund pursuant to section  
2 304A-A.

3 (b) The initial evaluation shall be conducted beginning  
4 July 1, 2017, and every three years thereafter by a two-person  
5 panel of independent energy and environmental technical experts  
6 who shall be appointed by the director of business, economic  
7 development, and tourism and who shall not be affiliated with  
8 the Hawaii natural energy institute. The panel shall submit a  
9 report of the findings and recommendations of each evaluation to  
10 the legislature no later than twenty days prior to the convening  
11 of the following regular session. The Hawaii natural energy  
12 institute shall cooperate with and provide support to the  
13 evaluation panel.

14 **§304A-C Plan of action.** Prior to the initiation of any  
15 projects or activities authorized by section 304A-A, the Hawaii  
16 natural energy institute shall develop a plan of action in  
17 coordination with the state energy resources coordinator with  
18 the intent of promoting effective prioritization and focusing of  
19 efforts consistent with the State's energy programs."

20 SECTION 3. Section 211F-5.7, Hawaii Revised Statutes, is  
21 amended by amending subsection (b) to read as follows:



1           "(b) Moneys in the fund shall be expended by the  
2 corporation to[+]

3           ~~(1) Provide seed capital for and venture capital  
4 investments in private sector and federal projects for  
5 research, development, testing, and implementation of  
6 the Hawaii renewable hydrogen program, as set forth in  
7 section 196-10; and~~

8           ~~(2) For any other purpose deemed necessary to carry out  
9 the purposes of section 196-10.]~~ provide seed capital  
10 for the development of hydrogen infrastructure,  
11 including production, storage, and dispensing  
12 facilities."

13           SECTION 4. Section 243-3.5, Hawaii Revised Statutes, is  
14 amended by amending subsection (a) to read as follows:

15           "(a) In addition to any other taxes provided by law,  
16 subject to the exemptions set forth in section 243-7, there is  
17 hereby imposed a state environmental response, energy, and food  
18 security tax on each barrel or fractional part of a barrel of  
19 petroleum product sold by a distributor to any retail dealer or  
20 end user of petroleum product, other than a refiner. The tax  
21 shall be \$1.05 on each barrel or fractional part of a barrel of

1 petroleum product that is not aviation fuel; provided that of  
2 the tax collected pursuant to this subsection:

3 (1) [5] \_\_\_\_\_ cents of the tax on each barrel shall be  
4 deposited into the environmental response revolving  
5 fund established under section 128D-2;

6 (2) [15] \_\_\_\_\_ cents of the tax on each barrel shall be  
7 deposited into the energy security special fund  
8 established under section 201-12.8;

9 (3) [10] \_\_\_\_\_ cents of the tax on each barrel shall be  
10 deposited into the energy systems development special  
11 fund established under section [~~304A-2169;~~] 304A-A;  
12 and

13 (4) [15] \_\_\_\_\_ cents of the tax on each barrel shall be  
14 deposited into the agricultural development and food  
15 security special fund established under section  
16 141-10.

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

19 SECTION 5. Act 73, Session Laws of Hawaii 2010, is amended  
20 as follows:

21 1. By amending section 10 to read:



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

6 2. By amending section 14 to read:

7 "SECTION 14. This Act shall take effect on July 1, 2010;  
8 provided that sections 2, 3, 4, and 7 of this Act shall be  
9 repealed on June 30, [~~2015~~] 2030, and sections 128D-2,  
10 201-12.8, and 243-3.5, Hawaii Revised Statutes, shall be  
11 reenacted in the form in which they read on June 30, 2010."

12 SECTION 6. Notwithstanding sections 248-8 and 243-3.5,  
13 Hawaii Revised Statutes, to the contrary, the director of  
14 finance shall deposit from the environmental response, energy,  
15 and food security tax collected, the sum of \$ to the  
16 hydrogen investment capital special fund. These moneys shall be  
17 expended by the Hawaii strategic development corporation for the  
18 purposes of development of hydrogen production, storage, and  
19 dispensing infrastructure. This one-time deposit shall be made  
20 from amounts collected from the environmental response, energy,  
21 and food security tax that are not allocated for deposit into





1 other special funds pursuant to section 243-3.5, Hawaii Revised  
2 Statutes.

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

8 SECTION 8. Statutory material to be repealed is bracketed  
9 and stricken. New statutory material is underscored.

10 SECTION 9. This Act shall take effect on July 1, 2050.



**Report Title:**

Energy; Barrel Tax; Energy Systems Development Special Fund

**Description:**

Re-establishes the energy systems development special fund, which was repealed. Amends the amount of the environmental response, energy, and food security tax to be deposited into the existing various funds. Amends the purpose of the hydrogen investment capital special fund to be for the development of hydrogen production, storage, and dispensing infrastructure. Appropriates a one-time unspecified amount from the revenues of the environmental response, energy, and food security tax to be deposited into the hydrogen investment capital special fund. Extends the repeal of various allocations of the environmental response, energy, and food security tax from 2015 to 2030. Effective July 1, 2050. (SB2196 HD1)

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

