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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3 fund, which was repealed on June 30, 2013;

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 various allocations of the environmental  
10 response, energy, and food security tax from June 30,  
11 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 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 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] \_\_\_\_\_ 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  
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  
5           deposited into the energy systems development special  
6           fund established under section ~~[304A-2169,]~~ 304A-A;  
7           and

8           (4)   ~~[15]~~ \_\_\_\_\_ cents of the tax on each barrel shall be  
9           deposited into the agricultural development and food  
10          security special fund established under section  
11          141-10.

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

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

16           1. By amending section 10 to read:

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

22           2. By amending section 14 to read:



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3 repealed on June 30, [~~2015-7~~] 2030, and sections 128D-2,  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

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

11           SECTION 6. Statutory material to be repealed is bracketed  
12 and stricken. New statutory material is underscored.

13           SECTION 7. 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 on June 30, 2013. Amends 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. Effective 07/01/2050. (SD2)

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

