
A BILL FOR AN ACT

RELATING TO THE ENVIRONMENT.

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

1 PART I

2 SECTION 1. The legislature finds that not only is climate
3 change real, but it is also the overriding challenge of the
4 twenty-first century. The legislature notes that one of the
5 priority issues of the State is mitigating climate change, and
6 that the State is committed to having a one hundred per cent
7 renewable energy portfolio by 2045. Further, in enacting Act
8 32, Session Laws of Hawaii 2017, the legislature recognized that
9 climate change poses a serious threat to the State's economic
10 well-being, public health, and natural resources. Through Act
11 15, Session Laws of Hawaii 2018, the legislature established the
12 State's zero emissions clean economy target to sequester more
13 atmospheric carbon and greenhouse gases than emitted within the
14 State as quickly as practicable, but no later than 2045.

15 In Act 16, Session Laws of Hawaii 2018, the legislature
16 stated that it is in the public interest to create a carbon
17 offset program in the State that would incentivize and reward



1 the adoption of, practice of, and adherence to carbon emission
2 reduction activities. Act 16 established the carbon offset
3 program to incentivize state agencies, private entities, and
4 individuals to adopt practices that are more environmentally
5 friendly and that result in reduced carbon emissions into the
6 environment. Act 16 also authorized the investment of revenues
7 realized from the sale of carbon offset credits under the
8 program into projects to generate further carbon offset credits
9 or enhance the State's efforts to mitigate and adapt to climate
10 change.

11 The legislature believes that it is appropriate to take the
12 next steps toward environmentally-sound policies.

13 Accordingly, the purpose of this Act is to:

- 14 (1) Expand the scope of the carbon offset program;
- 15 (2) Establish a carbon offset revolving fund to assist in
16 the fulfillment of the purposes of the carbon offset
17 program; and
- 18 (3) Appropriate funds necessary for the carbon offset
19 program.



1 PART II

2 SECTION 2. Chapter 225P, Hawaii Revised Statutes, is
3 amended by adding two new sections to be appropriately
4 designated and to read as follows:

5 "§225P-A Carbon offset revolving fund. (a) There is
6 established a carbon offset revolving fund, to be administered
7 by the office of planning, into which may be deposited:

8 (1) Moneys received from state agencies to offset the
9 emissions caused by air travel undertaken by state
10 employees in performance of the employee's official
11 duties;

12 (2) Investment earnings or other income received by the
13 carbon offset program and public carbon offset
14 projects within the State;

15 (3) Any rebates, grants, or incentives associated with
16 carbon offsetting and other sustainability measures;
17 and

18 (4) Appropriations from the legislature.

19 (b) Moneys in the carbon offset revolving fund shall be
20 expended by the office of planning to support the State's:



- 1 (1) Efforts to timely reach the zero emissions clean
- 2 economy target established in section 225P-5;
- 3 (2) Carbon offset program established in section 225P-6;
- 4 (3) Sustainability initiatives;
- 5 (4) Sustainability projects and services; and
- 6 (5) Related administrative costs.

7 **§225P-B Rules.** The department of business, economic
 8 development, and tourism shall adopt rules, pursuant to chapter
 9 91, necessary for the purposes of this chapter."

10 SECTION 3. Section 225P-6, Hawaii Revised Statutes, is
 11 amended to read as follows:

12 "[+] **§225P-6** [+] **Carbon offset program.** (a) The office of
 13 planning, in partnership with the greenhouse gas sequestration
 14 task force, shall investigate and establish a carbon offset
 15 program, to be administered by the carbon offset program
 16 manager, that:

- 17 (1) Provides expertise in carbon offsetting to public
- 18 agencies and private entities and assists in
- 19 coordinating carbon offset projects of public
- 20 agencies, including but not limited to the generation,
- 21 certification, and marketing of carbon credits;



- 1 (2) Allows for proceeds and revenues generated by state
2 departments from sales of offset credits to be
3 deposited into suitable funds particularly for
4 reinvestment to generate further carbon offset
5 credits; provided that the funds are used in
6 accordance with the purposes of the fund;
- 7 (3) Allows for proceeds and revenues generated by state
8 agencies from sales of carbon credits other than as
9 described in paragraph (2) to be invested in projects
10 enhancing the State's efforts to mitigate or adapt to
11 climate change; ~~and~~
- 12 (4) Issues offsets to purchasers;
- 13 (5) Certifies project types and specific projects;
- 14 (6) Coordinates with investors;
- 15 (7) Uses the services of third-party auditors to verify
16 project performance and ensure environmental
17 integrity;
- 18 (8) Manages the carbon offset revolving fund established
19 under section 225P-A; and
- 20 ~~(4)~~ (9) Is consistent with the State's sustainability
21 goals and policies.



1 (b) The office of planning in partnership with the
2 greenhouse gas sequestration task force shall submit a report of
3 its findings and recommendations, including any proposed
4 legislation, to the legislature and the climate change
5 mitigation and adaptation commission no later than twenty days
6 prior to the convening of the regular session of 2020.

7 (c) All state agencies shall participate in the carbon
8 offset program.

9 (d) The governor, the president of the senate and the
10 speaker of the house of representatives, the chief justice, and
11 the chairperson of the office of Hawaiian affairs shall each
12 implement a program in their respective branches of state
13 government to require all agencies to participate in the carbon
14 offset program to offset carbon emissions caused by air travel
15 undertaken by an employee of the agency in performance of the
16 employee's official duties. The cost of the offset shall be
17 paid to the office of planning by each agency for its respective
18 employees on a per trip basis at a rate, which may include
19 reasonable costs for administering the program, determined by
20 the office.

21 [~~e~~] (e) As used in this section:



1 "Carbon credit" means a tradable certificate or permit
2 issued by a carbon registry that represents a greenhouse gas
3 reduction or greenhouse gas removal enhancement that is
4 equivalent to one metric ton of carbon dioxide and meets the
5 requirements of the carbon offset program.

6 "Carbon offset" means a compensatory measure made by an
7 agency, business, or individual to reduce carbon dioxide
8 emissions or to increase carbon dioxide sequestration.

9 "Carbon registry" means any established international,
10 national, or regional carbon registry program that serves
11 voluntary or compliance markets, provides an independent carbon
12 standard to verify and certify carbon offsets, and issues carbon
13 credits."

14 PART III

15 SECTION 4. There is appropriated out of the general
16 revenues of the State of Hawaii the sum of \$ or so much
17 thereof as may be necessary for fiscal year 2019-2020 and the
18 same sum or so much thereof as may be necessary for fiscal year
19 2020-2021 to be deposited into the carbon offset revolving fund.

20 SECTION 5. There is appropriated out of the carbon offset
21 revolving fund the sum of \$ or so much thereof as may be



1 necessary for fiscal year 2019-2020 and the same sum or so much
2 thereof as may be necessary for fiscal year 2020-2021 for the
3 purposes of the fund.

4 The sum appropriated shall be expended by the office of
5 planning for the purposes of this Act.

6 SECTION 6. There is appropriated out of the general
7 revenues of the State of Hawaii the sum of \$ or so much
8 thereof as may be necessary for fiscal year 2019-2020 for the
9 establishment of:

- 10 (1) One full-time equivalent (1.00 FTE) secretary III
- 11 position;
- 12 (2) Four full-time equivalent (4.00 FTE) planner V
- 13 positions; and
- 14 (3) One full-time equivalent (1.00 FTE) carbon offset
- 15 program manager position,

16 to support the State's carbon offset program.

17 The sum appropriated shall be expended by the office of
18 planning for the purposes of this Act.

19 PART IV

20 SECTION 7. In codifying the new sections added by section
21 2 of this Act, the revisor of statutes shall substitute



1 appropriate section numbers for the letters used in designating
2 the new sections in this Act.

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

5 SECTION 9. This Act shall take effect on July 1, 2100.



Report Title:

DBEDT; Office of Planning; Climate Change; Carbon Offsets;
Appropriation

Description:

Expands the scope of the carbon offset program and authorizes six new positions within the program. Establishes a carbon offset revolving fund to assist in the fulfillment of the purposes of the carbon offset program. Appropriates funds.
(HB1407 HD1)

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