
A BILL FOR AN ACT

RELATING TO CLIMATE CHANGE.

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

1 PART I

2 SECTION 1. The legislature finds that due to climate
3 change, Hawaii has seen over one-half foot of sea level rise in
4 recent decades, and the rate of sea level rise is quickly
5 accelerating. Data shows that Honolulu is expected to begin
6 seeing regular flooding of the urban core in as little as
7 fifteen years. Climate change and warming seas are also causing
8 Hawaii to see more hurricanes of increasing intensity than ever
9 before. A direct hit on Honolulu is expected to mean a loss of
10 \$40,000,000,000 to Hawaii's infrastructure and economy. The
11 loss of coastal property and infrastructure, increased cost for
12 storm damage and insurance, and loss of life are inevitable if
13 nothing is done, which will add a significant burden to local
14 taxpayers, the State's economy, and way of life.

15 In 2012, storm surge flooding during Hurricane Sandy led to
16 \$19,000,000,000 in losses to New York City, which prompted New
17 York City to begin planning for a comprehensive shoreline



1 protection pilot project to prevent future flooding. The plan
2 will allow shoreline neighborhoods to expand park space,
3 redevelop the urban landscape, and add amenities to enrich their
4 communities. Most of all, it will provide critical sea level
5 rise and flood protection from storm events which will reduce
6 disaster cost to taxpayers, reduce risk to the city, and save
7 lives in the event of disaster.

8 The legislature further finds that many coastal communities
9 in Hawaii are equally exposed. It is only a matter of time
10 before significant disasters impact Hawaii's shoreline
11 communities, and as sea level rise continues accelerating, the
12 potential impact of disasters grows more severe. As a result,
13 it is prudent and urgent to begin planning for change.

14 The most challenging shoreline to protect will be urban
15 Honolulu, and a comprehensive plan to protect urban shorelines
16 will likely take over a decade to develop and implement with
17 input and support from shoreline communities. Therefore, the
18 time to begin is now.

19 The legislature further finds that rising groundwater
20 levels due to coastal flooding and sea level rise will cause
21 inevitable inland inundation. Raising street levels in many



1 inland areas will be required in the future. However, beginning
2 with a comprehensive shoreline climate protection pilot project
3 will first create a shoreline buffer and reduce the risk of
4 coastal disaster events, behind which other projects to address
5 inland inundation can follow in the future.

6 A comprehensive shoreline protection pilot project can
7 serve as a model for new ways to engage neighborhoods and allow
8 residents opportunities to expand park space, redevelop the
9 urban landscape, and add amenities to enrich their communities.
10 Most importantly, it will reduce risk and cost to taxpayers and
11 property owners, and in the inevitable event of disaster, save
12 lives.

13 Accordingly, the purpose of this part is to establish a
14 Honolulu shoreline climate protection pilot project to develop a
15 plan to protect urban Honolulu from the impacts of climate
16 change and be used as a model for the entire State.

17 SECTION 2. (a) There is established the Honolulu
18 shoreline climate protection pilot project within the Hawaii
19 climate change mitigation and adaption commission.

20 (b) The Hawaii climate change mitigation and adaptation
21 commission shall plan a system of coastal protection for the sea



1 level rise exposure area maps, as officially adopted by the
2 Hawaii climate change mitigation and adaptation commission, of
3 urban Honolulu between the Daniel K. Inouye International
4 Airport and Diamond Head state monument. The design shall
5 designate in the sea level rise exposure area maps, as
6 officially adopted by the Hawaii climate change mitigation and
7 adaptation commission, of urban Honolulu different protection
8 compartments. Each protection compartment shall:

- 9 (1) Provide a physically separate flood-protection zone,
10 isolated from flooding in the other compartments;
- 11 (2) Provide opportunities for integrated social and
12 community planning processes;
- 13 (3) Be connected by a continuous shoreline pathway which
14 may be used for emergency access along the length of
15 the shoreline;
- 16 (4) Be built into shoreline parks and the urban landscape;
- 17 (5) Be tailored to respond to individual neighborhood
18 topography; and
- 19 (6) Be capable of self-reliance in the event that the
20 compartment becomes isolated from another due to
21 climate change.



1 (c) The Hawaii climate change mitigation and adaptation
2 commission shall partner with the city and county of Honolulu
3 office of climate change, sustainability and resiliency in
4 development of the design.

5 (d) The Hawaii climate change mitigation and adaption
6 commission shall submit a report to the legislature on the
7 status of the development of the Honolulu shoreline climate
8 protection pilot project, including any findings and
9 recommendations, no later than twenty days prior to the
10 convening of the regular sessions of 2020 and 2021. The Hawaii
11 climate change mitigation and adaptation commission shall submit
12 a final report to the legislature on the Honolulu shoreline
13 climate protection pilot project, including its findings,
14 recommendations, and proposed legislation, no later than twenty
15 days prior to the convening of the regular session of 2022.

16 SECTION 3. There is appropriated out of the general
17 revenues of the State of Hawaii the sum of \$2,000,000 or so much
18 thereof as may be necessary for fiscal year 2019-2020 and the
19 same sum or so much thereof as may be necessary for fiscal year
20 2020-2021 for the development of the Honolulu shoreline climate
21 protection pilot project; provided that no funds shall be



1 released unless one-half of the sum appropriated is matched by
2 the city and county of Honolulu.

3 The sums appropriated shall be expended by the department
4 of land and natural resources for the purposes of this part.

5 PART II

6 SECTION 4. The legislature finds that decisive action is
7 needed to avoid the worst impacts that climate change will have
8 on Hawaii's environment, economy, and quality of life. The
9 State has committed to transitioning away from fossil fuels
10 toward a clean energy economy that is powered by one hundred per
11 cent renewable energy. The legislature has passed ambitious
12 carbon reduction goals, including the goals of reaching net
13 carbon neutrality by 2045, pursuant to Act 15, Session Laws of
14 Hawaii 2018, and achieving the climate change objectives of the
15 Paris Agreement, pursuant to Act 32, Session Laws of Hawaii
16 2017. Setting these bold targets is important, but bold targets
17 alone are insufficient.

18 The legislature also finds that pricing carbon emissions
19 via a tax on fossil fuels has emerged as a broadly supported,
20 economically efficient, and effective policy tool to reduce
21 emissions. Economists and leaders from across the political



1 spectrum, including Nobel prize-winning economists, four former
2 chairs of the United States Federal Reserve, and fifteen former
3 chairs of the United States Council of Economic Advisers, have
4 endorsed a carbon tax as a necessary, market-based solution to
5 climate challenges. Hawaii's own climate change mitigation and
6 adaptation commission has endorsed the adoption of a carbon tax
7 in Hawaii as "the most effective single action that will achieve
8 Hawaii's ambitious and necessary emissions reduction goals".

9 The legislature further finds that, currently, the prices
10 of electricity, gasoline, and other fuels do not accurately
11 reflect the cost to society from the negative environmental and
12 health impacts of burning fossil fuels. This market failure
13 suppresses incentives for developing and deploying carbon-
14 reducing measures; including but not limited to energy
15 efficiency, renewable energy, and low-carbon fuels; and
16 discourages individuals from engaging in behavior and making
17 choices that reduce fuel and energy consumption. Taxing fuels
18 according to their carbon content will align the market with
19 desired policy outcomes, from an individual's choice of
20 vehicles, appliances, and housing to a business' choices of
21 product design, capital investment, and facilities.



1 The legislature also finds that, if not designed correctly,
2 a carbon tax could disproportionately impact low- to moderate-
3 income residents. Therefore, it is necessary to consider ways
4 to implement a carbon tax that offsets its regressive nature. A
5 variety of mechanisms exist to reduce the regressive nature of a
6 carbon tax, including increasing the amount of the state earned
7 income tax credit and making the credit refundable; reducing
8 existing taxes, particularly those that are disproportionately
9 paid by lower income residents, such as the general excise tax;
10 or providing a direct dividend to residents. In endorsing the
11 adoption of a carbon tax, the Hawaii climate change mitigation
12 and adaptation commission emphasized the need for the tax to be
13 equitable and appropriate for the people of Hawaii and to
14 successfully change behavior of industry and individuals in a
15 way that meaningfully reduces carbon emissions.

16 Recognizing the urgent need for an accelerated transition
17 away from fossil fuels, the legislature seeks to better
18 understand if and how pricing carbon can accelerate Hawaii's
19 cost-effective transformation to a one hundred per cent clean
20 energy future, while ensuring that the transition is fair,
21 equitable, and beneficial for all.



1 The purpose of this part is to require the office of
2 planning to conduct a comprehensive study of the implications of
3 implementing a carbon tax to help policymakers better understand
4 the opportunities, impacts, and options that a carbon price
5 policy could bring to Hawaii.

6 SECTION 5. (a) The office of planning shall conduct a
7 study regarding the implementation of a statewide carbon tax;
8 provided that the study shall include the following:

- 9 (1) An examination of carbon pricing and options for
10 adopting a statewide carbon tax in Hawaii for the
11 purposes of affecting market and consumer behavior to
12 reduce carbon emissions and the negative impacts of
13 carbon emissions on the environment and on human
14 health;
- 15 (2) A determination of the level at which the carbon price
16 will need to be set to achieve the outcomes discussed
17 in paragraph (1);
- 18 (3) Revenue projections for a recommended carbon tax and
19 the source of the projected revenues, including but
20 not limited to amounts paid by various industries, all
21 state residents, low-income residents, and tourists;



- 1 (4) The threshold at which a carbon tax would result in
- 2 behavior change;
- 3 (5) A determination of whether a carbon tax should be
- 4 implemented through a gradual increase over time;
- 5 (6) Recommendations for the implementation of a carbon tax
- 6 in a manner that is equitable, particularly for low-
- 7 to moderate-income families and individuals, including
- 8 consideration of the impacts and implications of the
- 9 following options, either used alone or in
- 10 combination:
- 11 (A) A direct dividend to residents;
- 12 (B) A reduction of other regressive taxes, including
- 13 but not limited to the general excise tax on food
- 14 and basic necessities;
- 15 (C) An increase of the state earned income tax
- 16 credit;
- 17 (D) Revenue reinvestment in programs that reduce
- 18 carbon emissions, address climate adaptation
- 19 needs, or other appropriate programs; or
- 20 (E) Any other viable options;



- 1 (7) Consideration of any comparative advantages or
2 disadvantages of increasing or decreasing existing
3 taxes either alone or in combination, including but
4 not limited to the environmental response, energy, and
5 food security tax under section 243-3.5, Hawaii
6 Revised Statutes; the state fuel tax; or any other
7 related tax, instead of implementing a new and
8 separate carbon tax, or in combination with
9 implementing a new carbon tax;
- 10 (8) Consideration of how to include air travel in a carbon
11 tax;
- 12 (9) Examples of other jurisdictions within or outside the
13 United States that have implemented a carbon tax and
14 any lessons that the State may learn from those
15 examples; and
- 16 (10) Other criteria identified as necessary and relevant.
- 17 The office of planning shall engage with stakeholders,
18 including but not limited to any relevant state agencies (e.g.,
19 the department of taxation), business and industry groups, non-
20 governmental organizations with an interest in energy and
21 climate issues, non-governmental organizations with an interest



1 in economic justice issues, researchers at the University of
2 Hawaii, legislators, the Hawaii climate change mitigation and
3 adaptation commission, and any other relevant parties, to
4 develop the appropriate scope of the study.

5 The office of planning may contract with a third party to
6 assist in conducting the study.

7 (b) The office of planning shall submit an interim report
8 to the legislature of its progress, findings, and
9 recommendations, including any proposed legislation, no later
10 than December 31, 2019, and status reports at the Hawaii climate
11 change mitigation and adaptation commission's quarterly
12 meetings, until a final report is submitted to the legislature.
13 The office of planning shall solicit feedback from the
14 commission and any of the commission's permitted interaction
15 groups and working groups and incorporate this feedback into the
16 study as appropriate.

17 (c) The office of planning shall submit a final report of
18 its findings and recommendations, including any proposed
19 legislation, to the legislature no later than October 31, 2020.

20 SECTION 6. There is appropriated out of the general
21 revenues of the State of Hawaii the sum of \$ or so



1 much thereof as may be necessary for fiscal year 2019-2020 and
2 the same sum or so much thereof as may be necessary for fiscal
3 year 2020-2021 for a study conducted by the office of planning
4 relating to the implementation of a statewide carbon tax
5 pursuant to this part.

6 The sums appropriated shall be expended by the office of
7 planning for the purposes of this part.

8 PART III

9 SECTION 7. This Act shall take effect on July 1, 2050;
10 provided that part I of this Act shall be repealed on June 30,
11 2022.



Report Title:

Office of Planning; Climate Change; Carbon Emissions; Shoreline Climate Protection Pilot Project; Carbon Price; Study; Appropriations ,

Description:

Establishes the Honolulu shoreline climate protection pilot project to develop a plan to protect urban Honolulu from the impacts of sea level rise, floodwater, storms, and other impacts of a rapidly changing climate. Appropriates funds to the Department of Land and Natural Resources for the development of the Honolulu shoreline climate protection pilot project. Appropriates funds to the Office of Planning to conduct a comprehensive study of a statewide carbon tax. Effective 7/1/2050. (SD2)

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