
A BILL FOR AN ACT

RELATING TO THE STRUCTURE OF GOVERNMENT.

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

1 SECTION 1. Chapter 196, Hawaii Revised Statutes, is
2 amended by adding a new part to be appropriately designated and
3 to read as follows:

4 **"PART . HAWAII STATE ENERGY OFFICE**

5 **§196- Establishment of the Hawaii state energy office.**

6 There is established the Hawaii state energy office, which shall
7 be a public body politic and an instrumentality and agency of
8 the State. The purpose of the Hawaii state energy office is to
9 position Hawaii as a proving ground for clean energy
10 technologies and accelerate Hawaii's transformation to a clean
11 energy economy.

12 **§196- Establishment of the deputy director of energy.**

13 (a) There is established the deputy director of energy.

14 (b) The deputy director shall have experience, knowledge,
15 and expertise in clean energy related activities and
16 development.



1 (c) The deputy director shall hire staff necessary to
2 carry out the purposes of this part. The deputy director and
3 employees of the Hawaii state energy office shall be exempt from
4 chapter 76, and shall not be considered civil service employees
5 but shall be entitled to any employee benefit plan normally
6 inuring to civil service employees.

7 (d) The power and duties of the deputy director shall be
8 as specified in section 196-4."

9 SECTION 2. Section 196-2, Hawaii Revised Statutes, is
10 amended as follows:

11 1. By adding two new definitions to be appropriately
12 inserted and to read:

13 "Deputy director" means the deputy director of energy.

14 "Distributed energy resources" means a resource sited close
15 to customers that:

16 (1) Can provide all or some of the customers' immediate
17 electric and power needs;

18 (2) Can be used by the system to reduce demand or provide
19 supply to satisfy the energy, capacity, or ancillary
20 service needs of the distribution grid; and



1 (3) Is connected to the distribution system and close to
2 load, if the resource provides electricity or thermal
3 energy.

4 "Distributed energy resources" includes but is not limited to
5 solar photovoltaic and thermal, wind, combined heat and power,
6 electrical and thermal energy storage, demand response, electric
7 vehicles, electric vehicle service equipment, microgrids, energy
8 efficiency, and advanced inverters."

9 2. By amending the definition of "energy resources" to
10 read:

11 "'Energy resources" means fuel, and also includes all
12 electrical or thermal energy produced by combustion of any fuel,
13 or generated ~~[or]~~, produced, or stored using wind, the sun,
14 geothermal heat, ocean water, falling water, currents, waves, or
15 any other source."

16 SECTION 3. Section 196-3, Hawaii Revised Statutes, is
17 amended to read as follows:

18 "**§196-3 Energy resources coordinator.** The ~~[director of~~
19 ~~business, economic development, and tourism]~~ deputy director of
20 energy shall serve as energy resources coordinator."



1 SECTION 4. Section 196-4, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "§196-4 Powers and duties. Subject to the approval of the
4 governor, the coordinator shall:

5 ~~[(1) Formulate plans, including objectives, criteria to~~
6 ~~measure accomplishment of objectives, programs through~~
7 ~~which the objectives are to be attained, and financial~~
8 ~~requirements for the optimum development of Hawaii's~~
9 ~~energy resources;~~

10 ~~(2) Conduct systematic analysis of existing and proposed~~
11 ~~energy resource programs, evaluate the analysis~~
12 ~~conducted by government agencies and other~~
13 ~~organizations and recommend programs that represent~~
14 ~~the most effective allocation of resources for the~~
15 ~~development of energy resources;~~

16 ~~(3)]~~ (1) Formulate, analyze, and recommend specific
17 [proposals, as necessary, for conserving energy
18 resources, including the allocation and distribution
19 thereof;] policies, plans, and evaluation metrics in
20 coordination with public and private sector



1 stakeholders, for cost-effectively and equitably
2 achieving the State's energy goals;

3 ~~[(4)]~~ (2) ~~[Assist public and private agencies in~~
4 ~~implementing energy conservation and efficiency~~
5 ~~programs, the development of indigenous energy~~
6 ~~resources, and related measures;]~~ Provide technical
7 assistance to state and county agencies to assess and
8 implement projects and programs related to energy
9 conservation and efficiency, renewable energy,
10 electric and renewable fuel transportation, and
11 related measures;

12 ~~[(5)]~~ (3) Coordinate the State's energy programs with those
13 of the federal government, other state governments,
14 governments of nations with interest in common energy
15 resources ~~[,]~~ and distributed energy resources, and the
16 political subdivisions of the State;

17 ~~[(6)]~~ (4) ~~[Develop]~~ Identify opportunities, perform
18 statewide education and outreach, collaborate with
19 stakeholders, and develop programs and tools to
20 encourage private and public exploration, research,
21 and development of ~~[indigenous]~~ energy resources and



1 distributed energy resources that will [~~benefit the~~
2 ~~State,~~] support the State's energy goals, including
3 public-private partnership opportunities;
4 [~~(7)~~] ~~Conduct public education programs to inform the public~~
5 ~~of the energy resources situation, as it may exist,~~
6 ~~from time to time and of the government actions taken;~~
7 ~~(8)~~ ~~Serve as consultant to the governor, public agencies,~~
8 ~~and private industry on energy related matters;~~
9 ~~(9)~~] (5) Contract for services when required for the
10 implementation of this chapter;
11 [~~(10)~~] (6) Review proposed state actions that the
12 coordinator finds to have significant effect on the
13 State's energy objectives and report to the governor
14 their effect on the energy program, and perform other
15 services as may be required by the governor and the
16 legislature;
17 [~~(11)~~] (7) Prepare and submit an annual report and other
18 reports as may be requested to the governor and to the
19 legislature on the implementation of this chapter [and
20 ~~all matters related to energy resources;~~



1 ~~(12) Formulate a systematic process, including the~~
 2 ~~development of requirements, to identify geographic~~
 3 ~~areas that are rich with renewable energy resource~~
 4 ~~potential that can be developed in a cost effective~~
 5 ~~and environmentally benign manner and designate these~~
 6 ~~areas as renewable energy zones];~~

7 ~~[(13)]~~ (8) Develop [and], recommend, and oversee
 8 ~~incentives [, plans,] and programs [to] that encourage~~
 9 ~~the development of renewable energy [resource projects~~
 10 ~~within the renewable energy zones,] and electric and~~
 11 ~~renewable-fueled transportation resources, and assess~~
 12 ~~and evaluate the effectiveness and continued necessity~~
 13 ~~of existing incentive programs and provide~~
 14 ~~recommendations, proposed changes, or both, to the~~
 15 ~~governor and legislature annually;~~

16 ~~[(14) Assist public and private agencies in identifying~~
 17 ~~utility transmission projects or infrastructure~~
 18 ~~required to accommodate and facilitate the development~~
 19 ~~of renewable energy resources;~~

20 ~~(15) Assist public and private agencies, in coordination~~
 21 ~~with the department of budget and finance, in~~



1 ~~accessing the use of special purpose revenue bonds to~~
2 ~~finance the engineering, design, and construction of~~
3 ~~transmission projects and infrastructure that are~~
4 ~~deemed critical to the development of renewable energy~~
5 ~~resources;~~

6 ~~(16) Develop the criteria or requirements for identifying~~
7 ~~and qualifying specific transmission projects and~~
8 ~~infrastructure that are critical to the development of~~
9 ~~renewable energy resources, including providing~~
10 ~~assistance in accessing the use of special purpose~~
11 ~~revenue bonds to finance the projects or~~
12 ~~infrastructure;~~

13 ~~(17)]~~ (9) Develop and maintain a comprehensive and
14 systematic quantitative and qualitative capacity to
15 analyze the status of energy resources, distributed
16 energy resources, systems, and markets, both in-state
17 and those to which Hawaii is directly tied,
18 particularly in relation to the State's economy, and
19 to recommend, develop proposals for, and assess the
20 effectiveness of policy and regulatory decisions, and
21 conduct energy emergency planning; [and]



- 1 (10) Support state and county agencies responsible for
2 development and adoption of energy-related codes to
3 ensure that the most recent national codes are
4 promptly considered, amended, and adopted in a manner
5 that further advances the State's energy goals;
- 6 (11) Act as the State's energy data clearinghouse by
7 identifying data sources, collecting new data as it
8 becomes available, analyzing temporal and geographic
9 trends, making the data and analyses publicly
10 available, and supporting the legislature and governor
11 with relevant analyses to inform state energy policy
12 plans and proposals;
- 13 (12) Support the implementation and promotion of economic
14 and workforce development initiatives related to and
15 resulting from the State's renewable energy
16 experience, capabilities, and data analyses; and
- 17 ~~[(18)]~~ (13) Adopt rules for the administration of this
18 chapter pursuant to chapter 91."

19 SECTION 5. Section 243-3.5, Hawaii Revised Statutes, is
20 amended by amending subsections (a) and (b) to read as follows:



1 "(a) In addition to any other taxes provided by law,
2 subject to the exemptions set forth in section 243-7, there is
3 hereby imposed a state environmental response, energy, and food
4 security tax on each barrel or fractional part of a barrel of
5 petroleum product sold by a distributor to any retail dealer or
6 end user of petroleum product, other than a refiner. The tax
7 shall be \$1.05 on each barrel or fractional part of a barrel of
8 petroleum product that is not aviation fuel; provided that of
9 the tax collected pursuant to this subsection:

10 (1) 5 cents of the tax on each barrel shall be deposited
11 into the environmental response revolving fund
12 established under section 128D-2;

13 ~~[(2) 15 cents of the tax on each barrel shall be deposited~~
14 ~~into the energy security special fund established~~
15 ~~under section 201-12.8;~~

16 ~~-(3)]~~ (2) ~~[10]~~ 15 cents of the tax on each barrel shall be
17 deposited into the energy systems development special
18 fund established under section 304A-2169.1; and

19 ~~[(4)]~~ (3) 15 cents of the tax on each barrel shall be
20 deposited into the agricultural development and food



1 security special fund established under section
2 141-10.

3 The tax imposed by this subsection shall be paid by the
4 distributor of the petroleum product.

5 (b) In addition to subsection (a), the tax shall also be
6 imposed on each one million British thermal units of fossil fuel
7 sold by a distributor to any retail dealer or end user, other
8 than a refiner, of fossil fuel. The tax shall be 19 cents on
9 each one million British thermal units of fossil fuel; provided
10 that of the tax collected pursuant to this subsection:

11 (1) 4.8 per cent of the tax on each one million British
12 thermal units shall be deposited into the
13 environmental response revolving fund established
14 under section 128D-2;

15 [~~(2)~~] ~~14.3 per cent of the tax on each one million British~~
16 ~~thermal units shall be deposited into the energy~~
17 ~~security special fund established under section 201-~~
18 ~~12.8;~~

19 ~~(3)]~~ (2) [9.5] 14.3 per cent of the tax on each one
20 million British thermal units shall be deposited into



1 the energy systems development special fund
2 established under section 304A-2169.1; and
3 ~~[(4)]~~ (3) 14.3 per cent of the tax on each one million
4 British thermal units shall be deposited into the
5 agricultural development and food security special
6 fund established under section 141-10.

7 The tax imposed by this subsection shall be paid by the
8 distributor of the fossil fuel."

9 SECTION 6. There is appropriated out of the general
10 revenues of the State of Hawaii the sum of \$ or so
11 much thereof as may be necessary for fiscal year 2019-2020 and
12 the same sum or so much thereof as may be necessary for fiscal
13 year 2020-2021 for the Hawaii state energy office.

14 The sums appropriated shall be expended by the department
15 of business, economic development, and tourism for the purposes
16 of this Act.

17 SECTION 7. This Act does not affect rights and duties that
18 matured, penalties that were incurred, and proceedings that were
19 begun before its effective date.

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



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



Report Title:

Structure of Government; Hawaii State Energy Office; Department of Business, Economic Development, and Tourism; Barrel Tax; Fossil Fuel Tax; Deputy Director of Energy; Appropriation

Description:

Establishes the Hawaii state energy office. Establishes the deputy director of energy, who shall serve as the energy resources coordinator. Amends the powers and duties of the energy resources coordinator. Repeals the distribution of barrel tax revenue and fossil fuel tax on distributors revenue to the energy security special fund and increases the distributions to the energy systems development special fund. Appropriates funds for the Hawaii state energy office. Takes effect 7/1/2050. (Proposed SD1)

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