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# 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 offsetting and public carbon offset projects  
14 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 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  
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 the agency for their  
18 respective employees on a per trip basis at a rate, which may  
19 include reasonable costs for administering the program,  
20 determined by 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 \$500,000 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 \$500,000 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 \$400,000 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





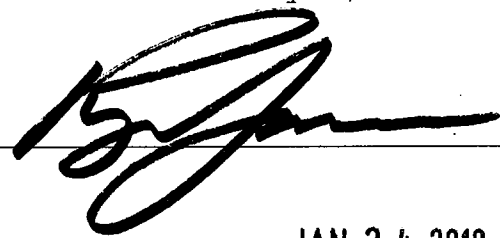
1 appropriate section numbers for the letters used in designating  
2 the new sections in this Act.

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, 2019.

6

INTRODUCED BY:

A handwritten signature in black ink, appearing to be "B. J. ...", written over a horizontal line.

JAN 24 2019



# H.B. NO. 1407

**Report Title:**

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

**Description:**

Expands the scope of the carbon offset program. Establishes a carbon offset revolving fund to assist in the fulfillment of the purposes of the carbon offset program. Appropriates funds.

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

