

---

---

# A BILL FOR AN ACT

RELATING TO THE ENVIRONMENT.

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

1           SECTION 1. The legislature finds that the environmental  
2 response, energy, and food security tax, currently collected  
3 with each barrel or fractional part of a barrel of fossil fuel  
4 sold in the State, can be a valuable part of the State's  
5 response to the climate crisis. Portions of Hawaii's  
6 environmental response, energy, and food security tax of \$1.05  
7 per barrel, or fractional part of a barrel, of fossil fuel are  
8 currently distributed to special funds under section 243-3.5,  
9 Hawaii Revised Statutes, as follows:

- 10           (1) 5 cents of the tax on each barrel is deposited into  
11           the environmental response revolving fund established  
12           under section 128D-2, Hawaii Revised Statutes;
- 13           (2) 5 cents of the tax on each barrel is deposited into  
14           the energy security special fund established under  
15           section 201-12.8, Hawaii Revised Statutes;
- 16           (3) 10 cents of the tax on each barrel is deposited into  
17           the energy systems development special fund



1 established under section 304A-2169.1, Hawaii Revised  
2 Statutes; and

3 (4) 15 cents of the tax on each barrel is deposited into  
4 the agricultural development and food security special  
5 fund established under section 141-10, Hawaii Revised  
6 Statutes.

7 The remaining 70 cents of the tax on each barrel of fossil fuel  
8 is deposited into the general fund.

9 The legislature encourages agencies to confer with the  
10 Hawaii climate change mitigation and adaptation commission when  
11 considering, and when reporting on, the expenditure of these  
12 special funds.

13 The purpose of this Act is to:

14 (1) Require that agency actions undertaken with funds from  
15 the environmental response revolving fund, energy  
16 security special fund, energy systems development  
17 special fund, and agricultural development and food  
18 security special fund be undertaken with careful  
19 consideration of how those actions can also assist the  
20 State in achieving the zero emissions clean economy  
21 target set forth in section 225P-5, Hawaii Revised



1 Statutes, and support the State's climate change  
2 resilience, environmental response, energy, and food  
3 systems; and

4 (2) Require that the annual reports to the legislature for  
5 these special funds also explain how expenditures  
6 support the State's clean energy economy and climate  
7 change resilience in order to increase transparency  
8 and accountability of the use of these special funds,  
9 encourage coordinated agency responses to climate  
10 change, and ensure that taxes on fossil fuels assist  
11 in addressing the impacts of the climate crisis caused  
12 by burning of fossil fuels.

13 SECTION 2. Section 128D-2, Hawaii Revised Statutes, is  
14 amended by amending subsection (b) to read as follows:

15 "(b) Moneys from the fund shall be expended by the  
16 department for the following:

17 (1) Removal, remediation, and detection of oil and  
18 pollutant or contaminant releases;

19 (2) Removal and remediation of hazardous waste and any  
20 other solid, liquid, or gaseous substance that may  
21 harm the environment; and



1           (3) The payment of costs listed under section 128D-4(c).  
2 Expenditures under paragraphs (1) to (3) shall endeavor to  
3 support achieving the zero emissions clean economy target set  
4 forth in section 225P-5 and increase the State's resilience to  
5 the impacts of climate change."

6           SECTION 3. Section 128D-13, Hawaii Revised Statutes, is  
7 amended to read as follows:

8           "~~§~~128D-13 **Reporting requirements.** The department  
9 shall submit to the legislature an annual report, including a  
10 comprehensive budget to implement remedial action plans  
11 requiring funding by the environmental response revolving fund.  
12 This report shall identify those sites eligible for remedial  
13 action under CERCLA, including a statement as to any  
14 appropriation that may be necessary to pay the State's share of  
15 the plan. The report shall also identify how expenditures of  
16 the environmental response revolving fund support achieving the  
17 zero emissions clean economy target set forth in section 225P-5  
18 and increase the State's resilience to the impacts of climate  
19 change."

20           SECTION 4. Section 141-10, Hawaii Revised Statutes, is  
21 amended by amending subsection (d) to read as follows:



1           "(d) The department of agriculture shall submit a report  
2 to the legislature no later than twenty days prior to the  
3 convening of each regular session on the status and progress of  
4 existing programs and activities and the status of new programs  
5 and activities funded under the agricultural development and  
6 food security special fund. The report shall also include:

- 7           (1) The spending plan of the agricultural development and  
8           food security special fund[+], including an analysis  
9           of how the spending plan will support achieving the  
10           zero emissions clean economy target set forth in  
11           section 225P-5 and will increase the resilience of the  
12           State's food systems to the impacts of climate change;  
13           (2) All expenditures of agricultural development and food  
14           security special fund moneys[+], including an  
15           explanation of how these expenditures have supported  
16           achieving the zero emissions clean economy target set  
17           forth in section 225P-5 and increased the resilience  
18           of the State's food systems to the impacts of climate  
19           change;  
20           (3) The targeted markets of the expenditures, including  
21           the reason for selecting those markets;



1 (4) The persons to be served using the expenditures; and

2 (5) The specific objectives of the expenditures, including  
3 measurable outcomes."

4 SECTION 5. Section 201-12.8, Hawaii Revised Statutes, is  
5 amended by amending subsection (c) to read as follows:

6 "(c) The department of business, economic development, and  
7 tourism shall submit a report to the legislature, no later than  
8 twenty days prior to the convening of each regular session, on  
9 the status and progress of existing programs and activities and  
10 the status of new programs and activities funded by the energy  
11 security special fund. The report shall also include:

12 (1) The spending plan of the energy security special  
13 fund[+], including an analysis of how the spending  
14 plan will support achieving the zero emissions clean  
15 economy target set forth in section 225P-5 and will  
16 increase the resilience of the State's energy systems  
17 to the impacts of climate change;

18 (2) All expenditures of energy security special fund  
19 moneys[+], including an explanation of how these  
20 expenditures have supported achieving the zero  
21 emissions clean economy target set forth in section



1           225P-5 and increased the resilience of the State's  
2           energy systems to the impacts of climate change; and

3           (3) The targeted markets of the expenditures, including  
4           the reason for selecting those markets; the persons to  
5           be served; and the specific objectives of the  
6           expenditures, including measurable outcomes."

7           SECTION 6. Section 304A-1891, Hawaii Revised Statutes, is  
8 amended by amending subsection (c) to read as follows:

9           "(c) The institute shall:

- 10           (1) Develop renewable sources of energy for power  
11           generation and transportation fuels by working in  
12           coordination with state agencies, federal agencies,  
13           and private entities;
- 14           (2) Conduct research and development of renewable sources  
15           of energy;
- 16           (3) Demonstrate and deploy efficient energy end-use  
17           technologies, including those that address peak  
18           electric demand issues;
- 19           (4) Aggressively seek matching funding from federal  
20           agencies and private entities for its research and  
21           development and demonstration activities; and



1           (5) Report annually to the legislature, no later than  
2           twenty days prior to the convening of each regular  
3           session, on its activities, expenditures, contracts  
4           developed, advances in technology, its work in  
5           coordination with state agencies and programs, and  
6           recommendations for proposed legislation. In  
7           addition, the report shall include an explanation of  
8           how the expenditure of funds from the energy systems  
9           development special fund established under section  
10          304A-2169.1 has supported achieving the zero emissions  
11          clean economy target set forth in section 225P-5 and  
12          increased the resilience of the State's energy systems  
13          to the impacts of climate change."

14          SECTION 7. Section 304A-2169.1, Hawaii Revised Statutes,  
15 is amended as follows:

16          1. By amending its title and subsection (a) to read:  
17          "~~§~~304A-2169.1~~§~~ **Energy systems development special**  
18 **fund.** (a) There is established the energy systems development  
19 special fund for the purpose of developing an integrated  
20 approach to and portfolio management of renewable energy and  
21 energy efficiency technology projects that will reduce Hawaii's





1 dependence on fossil fuel, imported oil, and other imported  
2 energy resources and move Hawaii toward energy self-  
3 sufficiency[-] and the zero emissions clean economy target set  
4 forth in section 225P-5."

5 2. By amending subsection (c) to read:

6 "(c) The Hawaii natural energy institute shall administer  
7 the special fund and may expend revenues of the special fund for  
8 the following activities:

9 (1) Obtaining matching funds from federal and private  
10 sources for research, development, and demonstration  
11 of renewable energy sources;

12 (2) Awarding contracts or grants to develop and deploy  
13 technologies that will reduce Hawaii's dependence on  
14 imported energy resources and imported oil. Projects  
15 may be commissioned that:

16 (A) Balance the risk, benefits, and time horizons of  
17 the investment to ensure tangible benefits to the  
18 people of Hawaii [~~consumer~~], with priority given  
19 to short-term technology development [✓] and  
20 achieving the zero emissions clean economy target  
21 set forth in section 225P-5;



- 1 (B) Emphasize innovative and renewable energy supply  
2 and energy efficient end use technologies  
3 focusing on environmental attributes,  
4 reliability, [~~and~~] affordability[+], and  
5 resilience to climate change;
- 6 (C) Enhance transmission and distribution  
7 capabilities of renewable energy supply for  
8 electricity;
- 9 (D) Enhance reliability and storage capabilities of  
10 renewable energy for electricity;
- 11 (E) Ensure that research, deployment, and  
12 demonstration efforts build on existing programs  
13 and resources and are not duplicated;
- 14 (F) Address critical technical and scientific  
15 barriers to achieving energy self-sufficiency by  
16 reducing dependence on imported oil and imported  
17 energy resources;
- 18 (G) Ensure that technology used and developed for  
19 renewable energy production and distribution will  
20 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 SECTION 8. Statutory material to be repealed is bracketed  
 6 and stricken. New statutory material is underscored.

7 SECTION 9. This Act shall take effect upon its approval.

8

INTRODUCED BY: Nicole E. Lowen

John M. [Signature]

Alexa [Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]



Tim Winger

T. Stalos

Carl Q. B.

David Carnes

As

Mark H.

JAN 23 2020



# H.B. NO. 2701

**Report Title:**

Barrel Tax; Special Funds; Zero Emissions Target; Climate Change Resilience

**Description:**

Requires agencies allotted a portion of the environmental response, energy, and food security tax to consider actions in achieving the zero emissions clean economy target and climate change resilience. Requires these agencies to report on how expenditures from these special funds support achieving the zero emissions clean economy target and climate change resilience.

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

