
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 on July 1, 2020.



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. Effective 7/1/2020. (SD1)

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