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## HOUSE RESOLUTION

REQUESTING THE TAX REVIEW COMMISSION TO STUDY AND SUBMIT A  
REPORT ON THE TAX RAMIFICATIONS OF ENACTING LEGISLATION  
THAT ADDRESSES CLIMATE CHANGE MITIGATION AND ADAPTATION  
FACTORS IN HAWAII.

1           WHEREAS, global warming has been proven to cause various  
2 climate change impacts, including, but not limited to, rising  
3 sea levels, rising ocean temperatures, an increase in the number  
4 and intensity of violent tropical storms, and increasing ocean  
5 acidification; and

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7           WHEREAS, the State of Hawaii is especially vulnerable to  
8 rising sea levels, especially the physical and economic losses  
9 associated with rising sea levels; and

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11           WHEREAS, climate scientists generally agree that the  
12 primary cause of climate change is the emission of carbon  
13 dioxide from the combustion of fossil fuels; and

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15           WHEREAS, the Hawaii Climate Change Mitigation and  
16 Adaptation Commission has stated that the single most effective  
17 means of reducing greenhouse gas emissions is to put a price on  
18 carbon; and

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20           WHEREAS, addressing the need for mitigation of and  
21 adaptation to certain adverse impacts of climate change will  
22 require the Legislature to enact various measures, some of which  
23 may or will involve the imposition of new taxes and others of  
24 which may or will have ramifications for individuals,  
25 businesses, or other entities under the State's tax laws as they  
26 now exist or may be revised; now, therefore,

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28           BE IT RESOLVED by the House of Representatives of the  
29 Thirtieth Legislature of the State of Hawaii, Regular Session of  
30 2020, that the Tax Review Commission conduct a study on the tax  
31 ramifications of enacting legislation, which addresses the  
32 impacts of climate change; and

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34           BE IT FURTHER RESOLVED that the study address:



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- (1) Any provisions of existing state law by which a business entity, if subject to a carbon tax, would be able to deduct any taxes paid under the carbon tax as a business expense;
- (2) Any unintended consequences of utilizing the framework of the barrel tax to impose a carbon tax, assuming the current level of revenues allocated to various special funds under the existing barrel tax are maintained;
- (3) Any unintended effects, advantages, and disadvantages to enacting a carbon tax to disincentivize the use of fossil fuels, if a portion of the revenue from such a tax is used to fund actions to mitigate climate change;
- (4) Any relative advantages or disadvantages of enacting various options to offset the regressive nature of a carbon tax, including, but not limited to, a refundable income tax credit to taxpayers with household incomes below the median level; a refundable income tax credit to taxpayers with household incomes below the median level that increases as the household incomes of the taxpayers decrease; or a "dividend" payment to residents of the State over 18 years old; and
- (5) Whether the effectiveness of a carbon tax would be diminished by "refunding" some or all the revenue to individual taxpayers or residents through a tax credit or a dividend payment; and

BE IT FURTHER RESOLVED that the Tax Review Commission may contract the services of a consultant to complete the study; and

BE IT FURTHER RESOLVED that the Tax Review Commission is requested to submit a report of its findings and recommendations, including any proposed legislation, to the Legislature no later than forty days prior to the convening of the Regular Session of 2021; and



1 BE IT FURTHER RESOLVED that certified copies of this  
2 Resolution be transmitted to the Director of the Department of  
3 Taxation, Chairperson of Hawaii Tax Review Commission, and  
4 Chairperson of Hawaii Climate Change Mitigation and Adaptation  
5 Commission.  
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OFFERED BY: *Nicole E. Lowen*

MAR 06 2020

