
A BILL FOR AN ACT

RELATING TO ENERGY.

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

1 SECTION 1. The legislature finds that the development and
2 utilization of innovative technologies will aid in Hawaii's
3 ability to achieve its clean energy and sustainability goals
4 within the aggressive timelines established.

5 The legislature further finds that the Troubled Waters:
6 Charting a New Fiscal Course for Hawaii report by the committee
7 for government and civic engagement for the Hawaii Executive
8 Conference indicates that the future natural disaster and
9 climate changes improvements needed over the next thirty years
10 will likely surpass the State's current \$15,300,000,000
11 estimate. The State will be able to meet its zero emissions
12 clean economy target only through thoughtful interconnectivity
13 and coordination of innovative technologies in the areas of
14 energy, transportation, agriculture, and water.

15 The legislature also finds that public private partnerships
16 are necessary to encourage and support the development and
17 commercialization of technology to assist the State in reaching



1 its zero emissions target. The State has resources available
2 through the energy security special fund that can be directed,
3 in part, to provide funds to facilitate technology development
4 for project deployment and commercialization. This type of
5 targeted and strategic support is critical for companies facing
6 the so called "commercialization valley of death", a widely
7 recognized funding gap that exists between early-stage support
8 offered by private investors and institutional investors, and
9 growth capital support historically provided by venture capital
10 and strategic investors.

11 The purpose of this Act is to:

- 12 (1) Authorize the state energy office to enter into
13 contracts with certain non-profit organizations to
14 create a plan and administer the energy security
15 special fund;
- 16 (2) Require the Hawaii State Energy Office, instead of the
17 Department of Business, Economic Development, and
18 Tourism, to submit a report regarding the energy
19 security special fund; and



1 (3) Increase the amount of funds deposited into the energy
 2 security special fund from the state environmental
 3 response, energy, and food security tax.

4 SECTION 2. Section 201-12.8, Hawaii Revised Statutes, is
 5 amended to read as follows:

6 "**§201-12.8 Energy security special fund; uses.** (a) There
 7 is created within the state treasury an energy security special
 8 fund, which shall consist of:

- 9 (1) The portion of the environmental response, energy, and
 10 food security tax specified under section 243-3.5;
- 11 (2) Moneys appropriated to the fund by the legislature;
- 12 (3) All interest attributable to investment of money
 13 deposited in the fund; and
- 14 (4) Moneys allotted to the fund from other sources,
 15 including under section 196-6.5.

16 (b) Subject to legislative appropriation, moneys from the
 17 fund may be expended by the Hawaii state energy office for the
 18 following purposes and used for no other purposes, except for
 19 those set forth in this section:

- 20 (1) To support the Hawaii clean energy initiative program
 21 and projects that promote and advance dependable and



1 affordable energy, renewable energy, energy
2 efficiency, energy self-sufficiency, and greater
3 energy security and resiliency for the State and
4 public facilities;

5 (2) To fund, to the extent possible, the climate change
6 mitigation and adaptation commission and the
7 greenhouse gas sequestration task force;

8 (3) To support achieving the zero emissions clean economy
9 target set forth in section 225P-5;

10 (4) To fund the building energy efficiency revolving loan
11 fund established in section 201-20;

12 (5) To fund projects and incentives to promote the
13 adoption of clean transportation technologies, develop
14 clean vehicle charging infrastructure, and upgrade
15 infrastructure to support the development of clean
16 vehicle charging infrastructure; and

17 (6) To fund, to the extent possible, the duties of the
18 state building code council in section 107-24, as they
19 relate to the development of energy conservation
20 codes.



1 (c) The Hawaii state energy office may enter into a
2 contract with a non-profit organization to create a plan and
3 administer expenditures of moneys allotted to the energy
4 security special fund, in accordance with chapter 103D and
5 subsection (b); provided that the non-profit organization shall
6 have an established office and experience in the State and
7 supports the commercialization of technologies that will further
8 the State's clean energy, agriculture, and sustainability goals.

9 The Hawaii state energy office shall have all powers
10 necessary to enter into the type of contract contemplated under
11 this subsection, including the power to acquire, hold, and sell
12 qualified securities.

13 ~~[(e)]~~ (d) The [department of business, economic
14 development, and tourism] Hawaii state energy office shall
15 submit a report to the legislature, no later than twenty days
16 prior to the convening of each regular session, on the status
17 and progress of existing programs and activities and the status
18 of new programs and activities funded by the energy security
19 special fund. The report shall also include:

20 (1) The spending plan of the energy security special fund;



- 1 (2) All expenditures of energy security special fund
- 2 moneys; 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 3. Section 243-3.5, Hawaii Revised Statutes, is
8 amended by amending subsection (a) to read as follows:

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

- 18 (1) 5 cents of the tax on each barrel shall be deposited
- 19 into the environmental response revolving fund
- 20 established under section 128D-2;



- 1 (2) ~~[5]~~ 15 cents of the tax on each barrel shall be
- 2 deposited into the energy security special fund
- 3 established under section 201-12.8;
- 4 (3) 10 cents of the tax on each barrel shall be deposited
- 5 into the energy systems development special fund
- 6 established under section 304A-2169.1; and
- 7 (4) 15 cents of the tax on each barrel shall be deposited
- 8 into the agricultural development and food security
- 9 special fund established under section 141-10.

10 The tax imposed by this subsection shall be paid by the

11 distributor of the petroleum product."

12 SECTION 4. Statutory material to be repealed is bracketed

13 and stricken. New statutory material is underscored.

14 SECTION 5. This Act shall take effect upon its approval.



Report Title:

Hawaii State Energy Office; Non-profit Organizations; Contracts;
Energy Security Special Fund

Description:

Authorizes the Hawaii state energy office to enter into contracts with certain non-profit organizations to create a plan and administer moneys in the energy security special fund. Requires the Hawaii State Energy Office, instead of the Department of Business, Economic Development, and Tourism, to submit a report regarding the energy security special fund. Increases the amount of funds deposited into the energy security special fund from the state environmental response, energy, and food security tax. (SD1)

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