

DAVID Y. IGE
GOVERNOR

JOSH GREEN M.D.
LIEUTENANT GOVERNOR



LINDA CHU TAKAYAMA
DIRECTOR

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DEPUTY DIRECTOR

**STATE OF HAWAII
DEPARTMENT OF TAXATION**

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To: The Honorable Mike Gabbard, Chair
and Members of the Senate Committee on Agriculture & Environment

The Honorable Glenn Wakai, Chair
and Members of the Senate Committee on Energy, Economic Development, and
Tourism

Date: Wednesday, February 13, 2019
Time: 2:00 P.M.
Place: Conference Room 224, State Capitol

From: Linda Chu Takayama, Director
Department of Taxation

Re: S.B. 1463, Relating to Taxation

The Department of Taxation (Department) appreciates the intent of S.B. 1463 and offers the following comments for the Committee's consideration.

S.B. 1463 replaces the environmental response, energy, and food security tax with a carbon emissions tax and repeals state fuel taxes under the fuel tax law. A summary of key provisions are as follows:

- Amends section 243-3.5, Hawaii Revised Statutes (HRS), to replace the environmental response, energy, and food security tax with a carbon emissions tax on all fossil fuels sold by a distributor to any retail dealer or end user of the fuel, other than a refiner;
- Sets the applicable rate(s) of tax at:
 - (1) Propane: \$0.0360 per gallon;
 - (2) Butane: \$0.0420 per gallon;
 - (3) Butane/propane mix: \$0.0388 per gallon;
 - (4) Home heating and diesel fuel (distillate): \$0.0635 per gallon;
 - (5) Kerosene: \$0.0610 per gallon;
 - (6) Coal (all types): \$13.1301 per short ton;
 - (7) Natural gas: \$0.3320 per thousand cubic feet;
 - (8) Gasoline: \$0.0556 per gallon;
 - (9) Residual heating fuel (businesses only): \$0.0737 per gallon;
 - (10) Jet fuel: \$0.0598 per gallon;
 - (11) Aviation gas: \$0.0522 per gallon;
 - (12) Flared natural gas: \$0.3422 per thousand cubic feet;

- (13) Petroleum coke: \$0.0919 per gallon;
 - (14) Other petroleum and miscellaneous fuels: \$0.0626 per gallon;
 - (15) Asphalt and road oil: \$0.0747 per gallon;
 - (16) Lubricants: \$0.0670 per gallon;
 - (17) Petrochemical feedstocks: \$0.0701 per gallon;
 - (18) Special naphthas (solvents): \$0.0569 per gallon;
 - (19) Waxes: \$0.0598 per gallon;
 - (20) Anthracite: \$16.1167 per short ton;
 - (21) Bituminous: \$13.9800 per short ton;
 - (22) Subbituminous: \$10.5344 per short ton;
 - (23) Lignite: \$7.9141 per short ton;
 - (24) Coke: \$17.6892 per short ton;
 - (25) Municipal solid waste: \$16.3605 per short ton;
 - (26) Tire-derived fuel: \$17.4633 per short ton;
 - (27) Waste oil: \$2.6195 per barrel; and
 - (28) All other fuels: \$6.25 per ton of carbon dioxide equivalent emissions;
- Directs the Department to recommend updates to the tax per fuel annually, based on the United States Energy Information Administration's determination of carbon dioxide emissions per energy source, and submit to the Legislature proposed updates to the tax rates no later than twenty days prior to the convening of each regular session of the Legislature;
 - Changes the allocation mechanism from a specific number of cents of the tax on each barrel to a set dollar amount deposited into four different funds:
 - \$1,290,000 into the environmental response revolving fund established under section 128D-2, HRS;
 - \$3,872,000 deposited into the energy security special fund established under section 201-12.8, HRS;
 - \$2,582,000 deposited into the energy systems development special fund established under section 304A-2169.1, HRS; and
 - \$3,872,000 deposited into the agricultural development and food security special fund established under section 141-10, HRS.
 - Exempts from the new tax coal that is used to fulfill a signed power purchase agreement between an independent power producer and an electric utility, provided the agreement is in effect between June 30, 2015 and September 1, 2022;
 - Until September 1, 2022, permits an independent power producer to pass the tax on to an electric utility, in which case the electric utility may recover the cost of the tax through an appropriate surcharge to the end user that is approved by the Public Utilities Commission (PUC);
 - Requires each distributor subject to the tax to file with the Director, on or before the last day of each calendar month, a return statement of the tax for which the distributor is liable for the preceding month;
 - In addition to the above allocation mechanism changes, requires the tax collected to be paid over to the Director of Finance for deposit as provided in section 248-8, HRS;
 - Prohibits the collection of tax on any liquid fuel sold for use in and actually delivered to, or sold in, the County of Kalawao;
 - Defines "unit" as the unit of measurement customarily used for the specific fossil fuel;

- Amends section 243-4, HRS, to repeal the state license tax and leave the county fuel tax as a standalone tax in the respective counties;
 - Repeals the 16 cents per gallon state tax on liquid fuel sold or used in the City and County of Honolulu, the County of Hawaii, the County of Maui, and the County of Kauai;
 - States that for purposes of the county fuel tax, "liquid fuel" does not include diesel oil, gasoline, aviation fuel, or naphtha sold for use in a power-generating facility;
 - Similarly repeals the additional 15 cents per gallon state tax on diesel fuel sold or used in the four counties; and
 - Prohibits collecting tax on any benzol, benzene, toluol, xylol, or alternative fuel sold for use other than for operating internal combustion engines.
- Amends section 243-5, HRS, by amending its title to read "County fuel tax; amount."
- Amends section 261-5, HRS, by directing all taxes "or gasoline or other aviation fuel sold for use in or used for airplanes" paid pursuant to section 243-3.5(a), HRS, to be paid into the airport revenue fund created by section 248-8, HRS.
- Amends sections 128D-2, 141-10, 201-12.8, and 304A-2169.1, HRS, by substituting the term "carbon emissions tax" wherever the word "environmental response, energy, and food security tax" appears, as context requires;
- Amends sections 243-8, 243-12, 243-14, and 243-14, HRS, by substituting the words "county fuel tax" wherever the word "license tax" appears, as context requires;
- Repeals section 235-110.6, HRS; and
- Effective upon approval, with Section 9 (repealing section 235-110.6, HRS, the fuel tax credit for commercial fishers) applying to taxable years beginning after December 31, 2018.

First, the Department believes there may be a typographical error in Section 6 of the measure. As currently written, the last sentence in the first paragraph refers to "all taxes or gasoline or other aviation fuel" when the appropriate phrasing should be "all taxes on gasoline or other aviation fuel[.]"

Second, the Department notes that this measure would require the Department to annually submit proposed legislation providing suggested amendments to carbon emissions tax rates based on the United States Energy Information Administration (USEIA)'s determination of carbon dioxide emissions energy sourcing. While the Department appreciates the Legislature's desire to effectuate the measure's stated purpose by keeping its provisions as current and impactful as possible, the Department cautions that it lacks the subject-matter expertise to accurately determine which types of fuels should be targeted and how to calculate the correlation between increasing tax rates and decreasing carbon emissions. Thus, the Department respectfully suggests that another agency with the necessary technical expertise be given primary responsibility for proposing rate updates in consultation with the Department.

Similarly, although the Department appreciates the inclusion of a definition for "unit" within the measure, the Department suggests defining the term more specifically to avoid any taxpayer confusion.

Finally, given the sweeping changes that this measure makes to existing tax law, the

Department respectfully requests that the effective date be postponed until no earlier than January 1, 2021, with Section 9 applying to taxable years beginning after December 31, 2019. Making this measure effective upon approval will not provide enough time for the Department to update its forms and instructions or to properly provide notice and educate the public about the new carbon emissions tax and the repealed state fuel tax. Delaying the effective date will allow sufficient time to accomplish these tasks and promote more effective tax administration and compliance.

Thank you for the opportunity to provide comments.

DAVID Y. IGE
Governor

JOSH GREEN
Lt. Governor



PHYLLIS SHIMABUKURO-GEISER
Acting Chairperson
Board of Agriculture

State of Hawaii
DEPARTMENT OF AGRICULTURE
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TESTIMONY OF THE DEPARTMENT OF AGRICULTURE

BEFORE THE SENATE COMMITTEES ON AGRICULTURE & ENVIRONMENT AND
ENERGY, ECONOMIC DEVELOPMENT, & TOURISM

FEBRUARY 13, 2019
2:00 P.M.
CONFERENCE ROOM 224

SENATE BILL NO. 1463
RELATING TO TAXATION

Chairpersons Gabbard and Wakai and Members of the Committees:

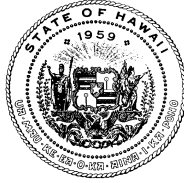
Thank you for the opportunity to present testimony on Senate Bill 1463. This bill replaces the environmental response, energy, and food security tax with a carbon emissions tax and repeals state fuel taxes under the fuel tax law. The Department offers the following comments.

The environmental response, energy, and food security tax, through the Agricultural Development and Food Security Special Fund, has been an important source of funding for Department operations. It is imperative that current funding levels be maintained for the Department to continue initiatives on increasing food security, regardless of the source. We would like to note that increased funding through this tax would help the Department support efforts to increase food production through needed research and development, technological investments, and infrastructure support across the State. We defer to the Department of Taxation on the feasibility of the proposed tax.

Thank you again for the opportunity to testify on this measure.



DAVID Y. IGE
GOVERNOR OF HAWAII



BRUCE S. ANDERSON, Ph.D.
DIRECTOR OF HEALTH

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DEPARTMENT OF HEALTH
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WRITTEN
TESTIMONY ONLY

**Testimony COMMENTING on SB 1463
RELATING TO TAXATION**

SENATOR MIKE GABBARD, CHAIR
COMMITTEE ON AGRICULTURE AND ENVIRONMENT

SENATOR GLENN WAKAI, CHAIR
COMMITTEE ON ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM

Hearing Date: February 13, 2019

Room Number: 224

1 **Fiscal Implications:** Replaces existing barrel tax and BTU taxes deposited into the Environmental Response Revolving Fund
2 (ERRF) with a new Carbon Emissions tax and fixes the Department allocation at \$1.29 million/year.

3 **Department Testimony:** The Department offers comments on this measure proposing to replace the Environmental Response,
4 Energy and Food Security Tax with a Carbon Emissions Tax, ending the barrel tax and recently enacted taxes on fossil fuels
5 using British Thermal Units (BTUs), with a proposed new tax based upon carbon emissions. Both method and amount of annual
6 funding directed to the Environmental Response Revolving Fund (ERRF) shifts to the newly created carbon tax base. The
7 Department supports proactive state efforts to respond to climate change, and respectfully requests that ongoing and future ERRF
8 funding remain a high priority to be protected into the future.

9 The Department's HEER Office is the state's lead agency responding to oil spills and hazardous substance releases on land, water
10 or air. The Environmental Response Revolving Fund (ERRF) was originally established in HRS Chapter 128D in 1989 to prepare
11 and protect the Hawaii Islands from large scale oil spills and releases of hazardous chemicals. HEER plays an important response
12 role in both man-made and natural disasters involving chemical hazards and has the resources to initiate immediate response
13 actions to assess risks and protect the people of Hawaii. Since the inception of the ERRF, \$0.05 of the barrel tax has been
14 allocated for oil and chemical emergencies. In 2015, with the passage of the Environmental Response, Energy and Food Security
15 Tax additional revenue of 4.8 percent of the tax on each one million BTU of fossil fuel was directed to the ERRF. Current annual
16 allotments to the ERRF total \$1,364,000 for the Hazard Evaluation and Emergency Response Office and \$412,000 for the
17 Environmental Management Division. We request that changes to the tax minimize any negative impacts to the Governor's
18 budget priorities.

19 The Department respectfully requests that the future funding for these essential services be protected so ERRF continues to stand
20 ready to prepare, respond and protect the state during chemical emergencies, oil spills and the increasing hazards posed by
21 climate change.

22 Thank you for the opportunity to testify on this measure.



DAVID Y. IGE
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MIKE MCCARTNEY
DIRECTOR

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

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Statement of
MIKE MCCARTNEY
Director

Department of Business, Economic Development, and Tourism
before the

SENATE COMMITTEE ON AGRICULTURE AND ENVIRONMENT AND SENATE COMMITTEE ON ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM

Wednesday, February 13, 2019
2:00 PM
State Capitol, Conference Room #224

In consideration of
SB 1463
RELATING TO TAXATION.

Chairs Gabbard and Wakai, Vice Chairs Ruderman and Taniguchi, and members of the Committees.

The Department of Business, Economic Development, and Tourism (DBEDT) **offers comments** on SB 1463 which replaces the environmental response, energy, and food security tax with a carbon emissions tax and repeals the state fuel taxes under the fuel tax law.

DBEDT is committed to achieving Hawaii's statutory goals of 100% Renewable Portfolio Standards (RPS) by 2045, reducing electricity consumption by 4,300 gigawatt-hours by 2030 and other clean energy initiatives as a means of decarbonizing our economy from fossil fuels, amongst other environmental and economic benefits. The environmental response, energy, and food security tax through the energy security special fund has been an important source of funding for DBEDT's energy operations. It is imperative that current funding levels be at least maintained for DBEDT to continue its operations in support of Hawaii's clean energy initiatives.

We defer to the Department of Taxation on the feasibility of the proposed tax.

Thank you for the opportunity to testify.

DAVID Y. IGE
GOVERNOR OF
HAWAII



SUZANNE D. CASE
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

ROBERT K. MASUDA
FIRST DEPUTY

M. KALEO MANUEL
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES

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Testimony of
SUZANNE D. CASE
Chairperson

Before the Senate Committees on
AGRICULTURE AND ENVIRONMENT
and
ENERGY, ECONOMIC DEVELOPMENT AND TOURISM

Wednesday, February 13, 2019
State Capitol, Conference Room 224

In consideration of
SENATE BILL 1463
RELATING TO TAXATION

Senate Bill 1463 proposes to: (1) Replace the environmental response, energy, and food security tax with a carbon emission tax on the sale of all fuels with carbon content; and (2) Repeal the state fuel tax. **The Department of Land and Natural Resources (Department) appreciates the intent of this measure and offers comments.**

The Hawaii's Climate Change Mitigation and Adaptation Commission (Climate Commission), co-chaired by the Department, issued support for a carbon fee on November 27, 2018, but did not define the exact mechanism for such a fee. The Climate Commission emphasized that that any mechanism should consider equity and be appropriate for the people of Hawaii; must demonstrate how this is a critical policy tool to protect the future—of Hawaii's keiki and 'āina; and must be adequate to change behavior. The full statement is [attached](#).

This measure's proposal to extend the "barrel tax" to aviation and bunker fuels, and coal, has often been discussed in the Climate Commission's informal and formal working groups. Subject matter experts, both in Hawaii and elsewhere, have agreed that such an expansion of the tax would be a reasonable way to start addressing climate issues in Hawaii.

The revenue neutral aspect of the measure takes equity and appropriateness for Hawaii into consideration. However, to change behavior, the measure should increase the fee on carbon each year. Such increases should be coupled with supporting policies to provide equitable access to schools, work, and healthy lifestyle components of recreation facilities, healthcare and food. This

measure would work establish a framework for a carbon fee, while other measures determine the best rate for Hawaii.

In addition, the measure's impacts would likely decrease highway revenues from the gas tax and increase airport revenue from aviation fuels. Given that adaptation to sea level rise is a high priority for Hawaii, any such increase in revenues for airports should either be reallocated to highways or go directly to adaptation needed for critical infrastructure in airports.

Thank you for the opportunity to comment on this measure.



DEPARTMENT OF LAND AND NATURAL RESOURCES

DAVID Y. IGE
GOVERNOR

SUZANNE D. CASE
CHAIRPERSON

NEWS RELEASE

FOR IMMEDIATE RELEASE

Nov. 28, 2018

STATE CLIMATE COMMISSION ENCOURAGES URGENT ACTIONS TO COMBAT EMISSIONS

Supports Legislation to Establish A Carbon Fee Program

(Honolulu) - Hawaii's Climate Change Mitigation and Adaptation Commission, meeting yesterday in Honolulu recognized that ground transportation contributes significantly to Hawaii's share of greenhouse gas emissions. The Commission supports mechanisms to reduce overall vehicle miles traveled as well as converting all remaining vehicle-based ground transportation to renewable, zero-emission fuels and technologies

The Commission believes that putting a price on carbon is the most effective single action that will achieve Hawaii's ambitious and necessary emissions reduction goals. This view is also supported by expert global and local institutions:

- The Intergovernmental Panel on Climate Change reports that a price on carbon is central to prompt mitigation, and global emissions of CO₂ need to fall by 45% by 2030 and to zero by 2050.
- The International Monetary Fund finds that "carbon pricing is crucial in reducing emissions, and carbon taxes are more effective than other mitigation instruments."
- State of Hawaii's *Report of the 2015-2017 Tax Review Commission* recommends consideration of a carbon fee in its review of the state tax structure.
- State of Hawaii's *Transportation Energy Analysis, August 2015*, supports an increase in the barrel tax "to fund government actions to support clean energy, specifically in regards to the bunker taxes in the marine sector and the inclusion of aviation fuel in the barrel tax.

- The Rhodium Group’s report *Transcending Oil Hawai‘i’s Path to a Clean Energy Economy*, April 2018, recommends a carbon tax to achieve clean transportation goals in Hawai‘i.

While the specific mechanisms behind a carbon fee program are not yet outlined, the Commission emphasized the urgent need for such a program, and supports legislation that endeavors to establish one, but also recognizes that any carbon pricing mechanism:

- Must be equitable, and appropriate for the people of Hawaii.
- Must demonstrate how this is a critical policy tool to protect the future—of Hawaii’s keiki and ‘āina.
- Must be adequate to change behavior.

The Commission recommends carbon pricing mechanisms that minimize regressivity, which can be pursued through structures such as equity-based tax credits or carbon fee and dividend.

In order to facilitate a carbon pricing program to address carbon pollution, the Commission urges the State to adequately resource the following actions through legislation or executive action:

- Partner with counties and local organizations to develop and undertake a multi-year educational/public service announcement (PSA) campaign to address the link between the need for a price on carbon and highlighting the importance of clean transportation in Hawaii—which will increase quality of life, and address climate change impacts by decreasing congestion, commute time and costs, and emissions.
- Explore and develop statewide policies and partner with counties to modernize parking policies and parking management, which will reduce overall emissions, congestion and vehicle miles travelled (VMT) from driving, and increase biking, walking, and transit use, to achieve State goals.
- Transform State and county fleets to address VMT reduction, congestion, and emissions—especially through electrification, renewable fuels, carshare, and supporting infrastructure development and deployment.
- Amend laws, such as the state procurement laws, to better align them with clean transportation priorities.

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SB-1463

Submitted on: 2/10/2019 2:16:26 PM

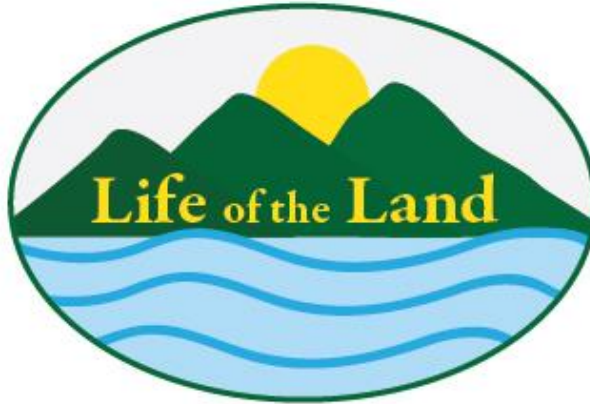
Testimony for AEN on 2/13/2019 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Joseph Kohn MD	Testifying for We Are One, Inc. - www.WeAreOne.cc - WAO	Comments	No

Comments:

This bill is poorly written and seems to be a scam to support toxic corporate agendas. Much clarification and transparency needed. People & 'Ä• ina before profit.

There is no rational reason to pollute our own environment or destroy ecosystems.
www.WeAreOne.cc



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COMMITTEE ON AGRICULTURE AND ENVIRONMENT

Senator Mike Gabbard, Chair

Senator Russell E. Ruderman, Vice Chair

COMMITTEE ON ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM

Senator Glenn Wakai, Chair

Senator Brian T. Taniguchi, Vice Chair

DATE: Wednesday, February 13, 2019

TIME: 2:00 p.m.

PLACE: Conference Room 224

SB 1463 RELATING TO TAXATION

COMMENTS

Chairs Gabbard and Wakai, Vice Chairs Ruderman and Taniguchi, and Members of the Committees

Life of the Land is Hawai'i's own energy, environmental and community action group advocating for the people and `aina for 49 years. Our mission is to preserve and protect the life of the land through sound energy and land use policies and to promote open government through research, education, advocacy and, when necessary, litigation.

SB 1463 proposes replacing the environmental response, energy, and food security tax with a carbon emissions tax and repealing the state fuel taxes under the fuel tax law.

The first question that must be asked is, if only one thing is done, is it better to have disclosure or taxes. That is, should consumers have the option of making informed choices or should another revenue stream be developed to fund government?

For food, it is disclosure. The carbon tax proposes that for carbon it is a tax. The question is, why the difference? If it is a tax, why not also a disclosure?

Item	Disclosure	Tax Without Disclosure
Food	Publish salt, sugar, fat, and calories	Tax salt, sugar, fat, calories

Proposed Carbon Bill

Item	Disclosure	Tax Without Disclosure
Vehicles	Publish Embedded GHG emissions	Foreign Made Therefore No Tax
Buildings	Publish Embedded GHG used in Construction	Taxes on non-disclosed amount of fossil fuels used in construction
Fuel	Publish Embedded GHG emitted in generation and distribution & Combustion GHG Emissions.	Taxes on non-disclosed amount of fossil fuel sold
Biofuel	Publish GHG Emissions from Clearcutting Forests, Synthetic Fertilizers, Humus Oxidation, Fuel Processing, Incineration, Carbon Sequestration	No Taxes based on decades-old Net Zero Emission Assumption FOR ALL BIOFUELS Made Without Any Analysis.
Rationale	UN Sustainable Development Goal #12: Responsible consumption and Production. Consumers need information to make reasonable decisions which will drive business decisions	Taxes Will Fund Government Efficiency is the Goal Product Characteristics are Trade Secrets Businesses Seeking Price Advantages Will Voluntarily Decrease Use of Taxed Materials

The bill is very verbose and must be read and re-read to be somewhat understood.

The term “greenhouse gas” is mentioned only in the preamble. The bill uses the term “carbon dioxide equivalent emissions” which is not defined in the bill nor in state law. The only chapter that includes all four words is HRS §225P-6 which discusses sequestration and offsets, concepts which do not appear in this bill.

Does the bill include biofuel? If it does, it does not cover the agricultural component. In the air-vegetation-soil system, the vast majority (over 80 percent) of carbon is in the soil. Changes to soil carbon due to agricultural practices are well-known, but excluded.

“The purpose of this Act is to: (1) Replace the environmental response, energy, and food security tax with a carbon emission tax on the sale of all fuels with carbon content...All other fuels: \$6.25 per ton of carbon dioxide equivalent emissions.”

Coal is a gigantic global producer of greenhouse gases. But the tax shall not apply to the largest coal-to-electricity power plant in the State. “The tax ... shall not apply to coal used to fulfill a signed power purchase agreement between an independent power producer and an electric utility that is in effect ... between June 30, 2015 ...and September 1, 2022.”

The bill deals with anticipated combustion emissions not lifecycle emissions. Thus there is no difference in the tax for importing waste biogas from a wastewater treatment facility or from a fracked shale oil operation.

The County of Hawai`i can't impose a county tax on the naphtha-burning power plant in Honoka`a, a facility which escaped environmental review due to a loophole that existed in HRS 343 at the time of construction.

A statement made without examining contrary positions and made without any proposed mechanism to implement or to enforce is simply a statement. It is a statement endorsed by free-market conservatives who would like to impose it while stripping federal pollution laws. “The state climate change commission has stated that the most effective single means of reducing greenhouse gas emissions is to `put a price on carbon`.”

Lots of programs are supported by 51 global entities. “The concept of `carbon pricing` is supported by various local and state entities and, as of the end of 2018, fifty-one carbon pricing initiatives have been implemented or scheduled for implementation worldwide.

The bill will lower the tax on gasoline and thus encourage an increase in driving. The second sentence of the preamble states, “ Transportation-generated greenhouse gas emissions are a significant contributor to climate change.”

Mahalo,
Henry Curtis, Executive Director

Testimony of The Nature Conservancy of Hawai'i
Supporting SB 1463 Relating to Taxation
Senate Committee on Agriculture and Environment
Senate Committee on Energy, Economic Development and Tourism
Wednesday, February 13, 2019, 2:00PM, Room 204

The Nature Conservancy of Hawai'i is a non-profit conservation organization dedicated to the preservation of the lands and waters upon which all life depends. The Conservancy has helped protect more than 200,000 acres of natural lands in Hawai'i and Palmyra Atoll. We manage 40,000 acres in 13 preserves and work in over 30 coastal communities to help protect the near-shore reefs, waters and fisheries of the main Hawaiian Islands. We forge partnership with government, private parties and communities to protect forests and coral reefs for their ecological values and the many benefits they provide to people.

The Nature Conservancy supports SB 1463 directing the University of Hawai'i to undertake a comprehensive examination of carbon pricing and options and effects from a statewide carbon tax.

Climate change caused by burning fossil fuels is an unprecedented threat to every person in Hawai'i. It is our responsibility to do what we can and what is necessary reduce our own carbon emissions, however small on a global scale, to contribute to the worldwide effort needed to mitigate the growing effects of climate change. Many prominent economists agree that a carbon fee, increasing steadily over time, is an efficient and effective way to reduce carbon emissions. It sends a powerful signal and incentive to businesses and consumers to reduce emissions. Such a fee must also be carefully crafted to be fair as well as offset regressive effects on those with lower incomes.

Even if we drastically reduce CO₂ emissions now, however, we will still feel the effects of climate change. In Hawai'i, science—and now direct experience—indicates that this will include:

- More frequent and more severe storms that can increase runoff and siltation;
- Overall, less rainfall and therefore less fresh water;
- Higher temperatures that affect watershed and agricultural health, while being beneficial to invasive species;
- Sea level rise and high waves that will harm coastal areas and groundwater systems;
- Ocean acidification and warming that will inhibit the growth of protective coral reefs.

In response, we must plan and implement mitigative and adaptive measures to ensure the resilience of our natural and human systems.

Investing in nature and natural infrastructure is proving to be an effective response to climate change. For example, two recent studies by The Nature Conservancy and partners found that **natural climate solutions (i.e., conservation, restoration, and improved land management on natural and agricultural lands) can provide carbon storage and avoid greenhouse gas emissions equivalent to 21% of current U.S. annual emissions and 37% of cost-effective mitigation needed through 2030 toward holding global warming below 2°C.**^{1, 2} And, a team from The Nature Conservancy, University of California at Santa Cruz, Stanford University, and the US Geological Survey has developed biophysical models showing that **healthy coral reefs can absorb up to 97% of wave energy**, protecting coastal properties from the power of the sea. Conversely, the loss of just one meter of reef could result in a doubling of the cost of damage.³

Thank you for the opportunity to testify in support of this measure.

¹ Fargione, Joseph E., Steven Basset, et al. "Natural Climate Solutions for the United States.", *Science Advances* 2018, 4: eaat1869, November 14, 2018. <http://advances.sciencemag.org/content/4/11/eaat1869>

² Griscom, Bronson W., Justin Adams, et al. "Natural Climate Solutions." *Proceedings of the National Academy of Sciences*. October 31, 2017 114 (44) 11645-11650. www.pnas.org/content/114/44/11645

³ Ferrario, Filippo, Michael W. Beck, et al. "The effectiveness of coral reefs for coastal hazard risk reduction and adaptation." *Nature Communications* volume5, Article number: 3794 (2014). www.nature.com/articles/ncomms4794

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: FUEL, Carbon Emissions Tax; License Tax

BILL NUMBER: SB 1463; HB 1459 (Identical)

INTRODUCED BY: SB by K. RHOADS, RUDERMAN, Baker, S. Chang, Harimoto, Keith-Agaran, Shimabukuro; HB by TARNAS, BROWER, ELI, ICHIYAMA, D. KOBAYASHI, C. LEE, LOWEN, MIZUNO, NAKASHIMA, SAY, TODD, Creagan, Morikawa

EXECUTIVE SUMMARY: The bill intends to replace the current barrel tax and fuel tax with a revenue neutral carbon emission tax on the sale of all fuels with carbon content. This bill forces us to rethink how we now tax fossil fuel. The current patchwork of different state and local taxes all applying at once leads to unclear and inconsistent messages sent to the taxpaying public, which is not good for implementing social policy regardless of what the policy is.

SYNOPSIS: Renames chapter 243, HRS, as the Carbon Emissions and Fuel Tax Law.

Amends section 243-3.5, HRS, which now imposes the barrel tax, to a carbon emissions tax calibrated to \$6.25 per ton of CO₂. The tax is imposed on a distributor of the fuel.

Provides that the tax is distributed as follows:

- \$1,290,000 to the environmental response revolving fund (HRS section 128D-2);
- \$3,872,000 to the energy security special fund (HRS section 201-12.8);
- \$2,582,000 to the energy systems development special fund (HRS section 304A-2169.1);
- \$3,872,000 to the agricultural development and food security special fund (HRS section 141-10).

Provides grandfather protection to coal used to fulfill a signed power purchase agreement between an independent power producer and an electric utility that is in effect between June 30, 2015, and September 1, 2022.

Exempts fuel sold for use in and actually delivered to, or sold in, the county of Kalawao.

Amends HRS section 243-4 to delete the state fuel tax and to exempt from county fuel tax gasoline or other aviation fuel sold for use in or used for airplanes, or naphtha sold for use in a power-generating facility.

Makes technical and conforming changes.

Repeals HRS section 235-110.6 (which now provides for a fuel tax credit for commercial fishers).

EFFECTIVE DATE: Applies to taxable years beginning after December 31, 2018.

STAFF COMMENTS: An economist from UHERO, the University of Hawaii Economic Research Organization, recently posted [an analysis](#) arguing that strong, decisive action such as a carbon tax is going to be needed if we are going to achieve the greenhouse gas goals. “But without any specifics as to how we are to achieve [greenhouse gas] reductions – through a carbon tax or otherwise – it is largely symbolic,” she argues.

So what is a carbon tax? It is a tax imposed on the carbon content of different fuels. Typically, it is due and payable when the fuel is either extracted and placed into commerce, or when it is imported. At present, neither the U.S. federal government nor any U.S. state has enacted a carbon tax. The city of Boulder, Colorado, enacted one by referendum in 2006; it applies at the rate of \$7 per metric ton of CO₂ and is imposed on electricity generation only. Several European Union countries, Japan, and South Africa [have carbon taxes](#).

Presently, we have a liquid fuel tax (chapter 243, HRS). Like a carbon tax, the fuel tax is imposed upon import and entry into commerce. So, PFM Group, the consultant employed by the Hawaii Tax Review Commission, in its [final report](#) thought that the systems and processes we now have in place to collect fuel tax in Hawaii can be adapted to a carbon tax, and for that reason concluded that a carbon tax would entail “[l]ittle administrative burden.” There are, however, several important differences between the two:

Both the county and state governments are given the power to impose fuel tax. This bill repeals the state fuel tax but does not affect the counties’ power to impose fuel tax.

The fuel tax is now earmarked for Highway Fund use, and the money in that fund is spent by the Department of Transportation. As a result, vehicles that don’t use the highways, such as tractors and other farm machinery, are exempt from fuel tax. A carbon tax would need to apply to both on-road and off-road use, as long as the CO₂ generated from burning it gets into the atmosphere.

The potential big losers will be the electric companies, because electric generation accounted for 6.8 million metric tons of CO₂ in 2013 out of a total 18.3 million metric tons. However, the electric companies won’t simply absorb the tax, but can be expected to pass on the enhanced costs to anyone who gets an electric bill.

Perhaps it’s good for lawmakers to worry about the end of the world as we know it, which perhaps will be staved off by the social change the tax encourages. But their constituents are worried not about the end of the world, but the end of next week. Will their paychecks be enough to pay the rent, keep the lights on, or feed the family? If the cost of simply driving to work from the suburbs is horrible now, just wait until the tax kicks in.

And if you think the hammer of a carbon tax will fall most heavily on huge, faceless corporations like the electric company, the airlines, or the shippers, think again. Businesses can and will pass on any enhanced costs to their consumers if they hope to continue providing their products or services. That means our already astronomical cost of living could head further up into the stratosphere. In theory, that would not happen under this bill, which is intended to be revenue neutral; but tax rates can be and are adjusted over time.



ELEMENTAL
EXCELERATOR

Written Statement of Elemental Excelerator
before the **Senate Committees for Agriculture and the Environment and Energy,
Economic, Development, and Tourism:**
Wednesday, February 13, 2019

**In consideration of SB 1463
RELATING TO TAXATION**

**Aloha Chair Gabbard, Chair Wakai, and Members of the Senate Committees for
Agriculture and the Environment and Energy, Economic, Development, and Tourism:**

Elemental Excelerator respectfully submits comments in support of the intent of SB 1463, which:

1. Replaces the environmental response, energy, and food security tax with a carbon emissions tax.
2. Repeals state fuel taxes under the fuel tax law.

Elemental Excelerator is a Honolulu-based growth accelerator program founded and operating in Hawai'i. We have awarded over \$30 million to 82 companies resulting in 56 demonstration projects in Hawai'i & Asia Pacific. Each year, we evaluate over 500 companies and look for innovative entrepreneurs from around the world to come to Hawai'i and find transformative solutions to help us achieve our 100% clean energy goals and solve our most pressing environmental problems. We select 15-20 companies annually that best fit our mission and fund each company up to \$1 million.

In April 2018, Elemental Excelerator commissioned a study entitled *Transcending Oil: Hawai'i's Path to a Clean Energy Economy*. The study found that in Hawai'i, transitioning to renewable energy is cheaper than sticking with oil. The faster we go, the cheaper it will be. As a policy recommendation, the study identified pricing carbon to realign incentives to reach Hawai'i's clean energy goals.

We support the intent of SB 1463 because a carbon tax could generate revenue that stays in our state. That funding stream can serve a variety of purposes such as dividend payments to local residents, clean energy development, and other projects that combat the harmful impacts of climate change. It could also be revenue neutral and replace an existing tax.

Transcending Oil states that, "a reasonably high carbon price functions similarly to high oil prices and would encourage faster renewable energy deployment in the electric power sector. An appropriate tax rate could also reduce VMT [vehicle miles traveled] -and speed up sales of EVs [electric vehicles] if coupled with other land use and transportation policies. Unlike renewable deployment growth driven by oil prices, which transfers money from Hawai'i ratepayers to non-Hawaii oil producers, a carbon tax generates revenue that stays in Hawai'i. These funds can be used to further accelerate clean energy deployment through biofuel development, EV incentives, and other activities to help meet Hawaii's Paris commitments.

*They can also be returned directly to the people of Hawaii to help offset the state's high living costs or to fund education and transition assistance for displaced workers."*¹

We respectfully submit the following comments for SB 1463:

1. A carbon tax should support and not adversely impact low-to-moderate income communities. According to a Congressional Budget Office Report, *"A policy that set a price of \$28 per metric ton on CO2 [carbon dioxide] emissions would increase costs for households by amounts that would equal about 2.5 percent of after-tax income for the average household in the lowest one-fifth (quintile) of the income distribution but less than 1 percent of after-tax income for the average household in the highest quintile."*²
2. With 48% of households in Hawai'i considered "Asset Limited, Income Constrained, and Employed,"³ a carbon tax that focuses on low-to-moderate income communities can both support our 2045 clean energy goals and address our State's high cost of living.

Mahalo for the opportunity to testify on this legislation.

Sincerely,



Aki Marceau
Managing Director, Policy & Community-Hawai'i

¹ Larsen, J., Mohan, S., Herndon, W., Marsters, P., & Pitt, H. (2018, May 01). Transcending Oil: Hawaii's Path to a Clean Energy Economy, p.38, Retrieved from <https://rhq.com/research/transcending-oil-hawaii-path-to-a-clean-energy-economy/>

² Congressional Budget Office, Effects of a Carbon Tax on the Economy and the Environment, p.12., Retrieved from www.cbo.gov/publication/41194.

³ ALICE: A Study of Financial Hardship in Hawai'i. (2017). Retrieved from <https://www.auw.org/alice>



SIERRA CLUB OF HAWAI'I

MĀLAMA I KA HONUA. *Cherish the Earth.*

SENATE COMMITTEE ON AGRICULTURE AND ENVIRONMENT

SENATE COMMITTEE ON ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM

February 13, 2019 2:00 PM Room 224

COMMENTS ON SB 1463: Relating to Taxation

Aloha Chair Gabbard, Chair Wakai, and members of the committees,

On behalf of our 20,000 members and supporters, the Sierra Club of Hawai'i **provides comments on SB 1463**. This bill replaces the environmental response, energy, and food security tax with a carbon emissions tax and repeals state fuel taxes under the fuel tax law.

In their most recent report, the Intergovernmental Panel on Climate Change outlines the catastrophic effects climate change will have on our planet if we do not quickly ramp-down greenhouse gas emissions 45% by 2030 and zero by 2050. The Panel reported that carbon pricing mechanisms are critical to reach these goals, but did not specify a one-size-fits-all policy and instead outlined a range of prices that could be implemented.¹

The World Bank and International Monetary Fund has also urged countries to impose a price on carbon emissions, stating that there is an “obvious consensus that putting a price on carbon pollution is by far the most powerful and efficient way to reduce emissions.”² Likewise, our state’s Climate Change Mitigation and Adaptation Commission (The Commission) stated that putting a price on carbon is the most effective single action that will achieve Hawai'i’s ambitions and necessary reduction goals, but noted that a carbon pricing mechanism must be equitable and appropriate for Hawai'i, must demonstrate how this is a critical policy tool to protect our future, and must be adequate to change behavior.³

The Sierra Club's view on carbon pricing is that effectiveness and equity are essential, design and implementation details matter a lot, and there are many different carbon pricing policy options that can potentially work. We feel the urgency of climate change, but must ensure that whatever carbon tax is implemented it will be the right fit for Hawai'i. Any proposal must

¹ <https://www.bloomberg.com/news/articles/2018-10-10/how-much-does-carbon-need-to-cost-somewhere-from-20-to-27-000>

² <https://www.nytimes.com/2016/04/24/us/politics/carbon-pricing-becomes-a-cause-for-the-world-bank-and-imf.html>

³

<http://governor.hawaii.gov/newsroom/latest-news/dlnr-news-release-state-climate-commission-encourage-s-urgent-actions-to-combat-emissions/>

integrate environmental and economic justice principles while achieving measurable carbon emissions reductions.

Ideally, revenues obtained from carbon pricing programs should be used to: (1) expand clean energy and energy efficiency to further reduce carbon emissions, and to invest in climate adaptation; (2) finance targeted investments in frontline communities affected by conventional air pollution from polluting sources; (3) provide financial assistance to workers affected by the transition away from fossil fuels, and for new economy job training and clean energy investments in frontline communities; and (4) offset the regressive effects of increased taxes in low-income households.⁴

While we appreciate the introduction of SB 1463 to advance the conversation around carbon pricing, we would prefer the legislature first analyze the feasibility and impacts of implementing a carbon tax. We are therefore supporting HB 1584, a bill to fund a carbon-tax study by the University of Hawai'i. The study will be completed by October 31, 2020 and will provide strong policy guidance for which type of carbon pricing mechanism Hawai'i should pursue.

Thank you very much for this opportunity to provide testimony.

Mahalo,



Jodi Malinoski, Policy Advocate

⁴ <https://www.sierraclub.org/sites/www.sierraclub.org/files/CarbonPricingGuidance.pdf>



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
Senate Committees on Agriculture and Environment
and
Energy, Economic Development, and Tourism
February 13, 2019 at 2:00 p.m.

By
Charles (Chip) Fletcher
Professor and Associate Dean
School of Ocean and Earth Science and Technology
Vice-Chair, Honolulu Climate Change Commission

And
Makena Coffman
Director, Institute for Sustainability and Resilience
Chair, Honolulu Climate Change Commission

And
Michael Bruno, PhD
Vice Chancellor for Research
University of Hawai'i at Mānoa

SB 1463 – RELATING TO TAXATION.

Chairs Gabbard and Wakai, Vice Chairs Ruderman and Taniguchi, and members of the committees:

The University of Hawai'i supports key portions of this legislation.

Numerous studies find that pricing carbon is the most effective way to reduce carbon pollution. The recent IPCC Special Report “Global Warming of 1.5°C” states that, “Explicit carbon prices remain a necessary condition of ambitious climate policies” (Chapter 4). The State of Hawai'i Legislature last year passed a law aiming to achieve carbon neutrality by 2045.

The important key feature of Senate Bill 1463 is the establishment of an economy-wide tax on carbon. While we appreciate the notion of it being “revenue neutral,” our suggestion is that this should not be implemented via a reduction in fuel taxes. The proposed carbon tax is not sufficiently high to merit substitution with other fossil fuel taxes, as it would serve to actually lower motor fuel prices. This would be counter to the goal of reducing fossil fuel usage. We urge the committee to revise the bill to increase the level of the carbon tax such that it would, at a minimum, keep the state fuel tax at its existing level. The level of the carbon tax should increase annually to help meet state greenhouse gas emissions reduction targets. Lastly, and as a smaller point, we suggest that the tax be levied per unit of carbon dioxide equivalent. Rather than individually setting a dollar amount for each type of fossil fuel, we suggest only setting one tax rate based on carbon dioxide equivalence, and then adopt language around using the most up-to-date greenhouse gas emissions factors that estimate global warming potential.

Thank you for the opportunity to testify on this measure.



SENATE COMMITTEE ON AGRICULTURE AND ENVIRONMENT
COMMITTEE ON ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM

February 13, 2019, 2:00 P.M.
Room 224
(Testimony is 2 pages long)

TESTIMONY IN SUPPORT OF SB 1463

Aloha Chair Gabbard, Chair Wakai, and Committee members:

Blue Planet Foundation **supports** SB 1463, a measure that replaces the environmental response, energy, and food security tax with a carbon emission tax.

Climate change will have devastating, long-term consequences on Hawaii's environment, economy, and quality of life. For these reasons and others, the State of Hawaii has committed to a decisive and irreversible transition away from fossil fuels, and a swift transition to a clean energy economy powered by 100% renewable energy. The legislature has passed aggressive carbon reduction goals, including the goal to be net carbon neutral by 2045 (Act 15 of 2018) and

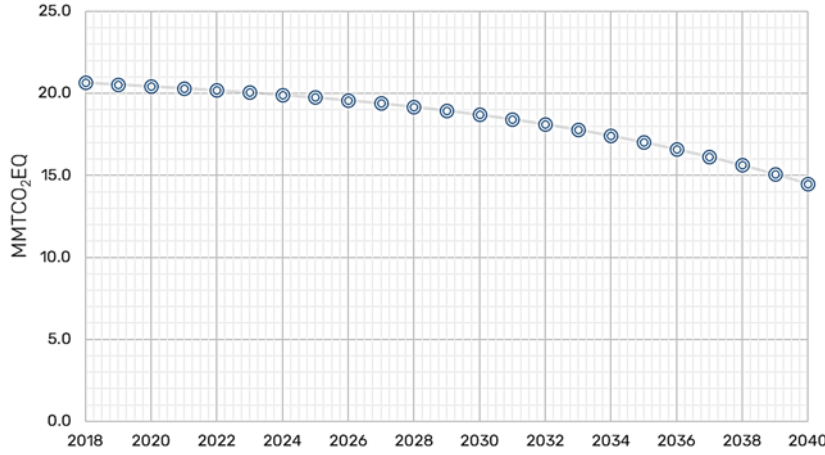


Figure 1. Best-case Hawaii greenhouse gas emissions trend with current state policies

strive to achieve the objectives of the Paris Climate Agreement (Act 32 of 2017). Setting these bold targets is important, but alone it is insufficient. Despite a growing portfolio of standards, incentives, and targets, Hawaii's current policies will not succeed in significantly reducing Hawaii's current overall carbon emissions over the next few decades.

Pricing carbon emissions via a tax on fossil fuels has emerged as a broadly supported, economically efficient, and effective policy tool to reduce climate-changing carbon emissions. Economists and leaders from across the political spectrum—including Nobel-prize winning economists, four former chairs of the U.S. Federal Reserve, and 15 former chairs of the U.S. Council of Economic Advisers—have endorsed a carbon tax as a necessary market-based solution to our climate challenge.

Currently, the prices of electricity, gasoline, and other fuels reflect little or none of the long-term costs from climate change or even the near-term health costs of burning fossil fuels. This immense “market failure” suppresses incentives to develop and deploy carbon-reducing measures such as energy efficiency, renewable energy, low-carbon fuels, and conservation-based behavior such as bicycling, recycling, and overall mindfulness toward energy consumption. Taxing fuels according to their carbon content will infuse these incentives at every link in the chain of decision and action—from individuals’ choices and uses of vehicles, appliances, and housing, to businesses’ choices of product design, capital investment, and facilities.

A carbon tax—if not designed correctly—could disproportionately impact low- to moderate-income residents. Most low- to moderate-income households spend a larger percentage of their income on gasoline, other fuels, and electricity than do higher-income households. For example, in 2014, the wealthiest 20% of U.S. households spent just 2.7% of their after-tax income on gasoline; the percentage for the lowest quintile, 10.8%, was four times as high. When viewed in absolute dollar terms, however, the bulk of carbon taxes will be paid, directly or indirectly, by households and visitors of above-average means. Researchers at the University of Hawaii at Manoa have found that the carbon intensity of visitor activities is much higher than those of residents. Regardless, a variety of mechanisms exist to reduce the regressive nature of a carbon tax, including increasing the state-level match of the Earned Income Tax Credit and making the match refundable, reducing existing taxes—particularly those that are disproportionately paid by lower income residents (such as the General Excise Tax on food and medicine), or providing a direct dividend to residents. These are critical issues that warrant thorough examination.

Blue Planet Foundation supports SB 1463 to replace the environmental response, energy, and food security tax with a carbon emission tax. To better understand if and how pricing carbon can accelerate Hawaii's cost-effective transformation to a 100% clean energy future, **Blue Planet Foundation is supportive of a study—similar to that proposed in HB 1584—to help policymakers further examine the opportunities, impacts, and options that such a policy could offer, while ensuring that the transition is fair, equitable, and beneficial for all.**

Thank you for the opportunity to testify.

SB-1463

Submitted on: 2/7/2019 6:39:20 PM

Testimony for AEN on 2/13/2019 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Augusto Decastro	Individual	Support	No

Comments:

SB-1463

Submitted on: 2/12/2019 1:41:56 PM

Testimony for AEN on 2/13/2019 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Nate Hix	Individual	Support	No

Comments:

Carbon pricing is the most effective measure to mitigate carbon emissions. It is widely implemented world wide amongst developed nations and has driven down emissions substantially.

Hawaii has so far chosen not to participate in this climate saving mechanism and as a result is one of the world leaders in carbon emissions per capita and has carbon emissions that are rising. We currently stand above 16 metric tons and rising per person, with the recommended 2 metric ton threshold nowhere in sight.

With climate change threatening the future habitability of our planet and no way to reverse the damage we're doing today, it's necessary we act as fast as possible to stop our participation in the continual destruction of our planet.

The United Nations Intergovernmental Panel on Climate Change report estimates that carbon taxes at \$500 to \$5,500 per ton of CO2 are needed by 2030 to keep warming below 1.5 degrees Celsius, the level that Hawaii committed to by agreeing to the Paris accord.

If Hawaii is serious about mitigating emissions, this bill needs to increase the carbon tax to a minimum of \$500 per ton of CO2 by 2030.

In order to keep local residents from being burdened by an increase in taxes, the revenue generated from this bill needs to be returned to residents on a per capita basis.

This is the model that Canada is using and it's leaving a majority of residents--including almost all low and middle income people--wealthier as they receive more in dividends than they pay in increased taxes.

A failure to do this will keep residents from supporting this bill and will limit the potential magnitude of the tax increases that are necessary to save our climate.

We don't have time and we don't have money, so this revenue neutral plan will allow us to mitigate our emissions faster than any other policy while also making most residents better off financially. A true victory for all involved

SB-1463

Submitted on: 2/12/2019 8:57:15 AM

Testimony for AEN on 2/13/2019 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Kevin Kacatin	Individual	Oppose	No

Comments:

From: [Jade Bruhjell](#)
To: [AEN Testimony](#)
Subject: testimony on SB1463
Date: Tuesday, February 12, 2019 12:37:23 PM

Aloha, honorable legislators on this bill, SB 1463.

To begin with, I will label this bill as the worst one up at Hawaii State legislature this session. I would implore that the members of this committee vote NO and stop this initiative which is based on false premises and promises. If signed into law here in Hawaii, this bill will most likely greatly damage our economy, personal prosperity and further erode whatever is left of Hawaiian sovereignty.

This bill is deceptively labeled as the 'Fuel Tax' when it is actually the fraudulent global warming Carbon tax which is being leveled upon all nations of the world. The stated goal is \$90 trillion collected during this century, most of it from the industrial nations, the United States being the most heavily tapped. \$15 trillion to be collected from taxpayers by 2030.

To be short and to the point, this tax is rooted in the questionable, controversial, not supported by scientific fact conjecture that mankind's use of fossil fuels is creating so much carbon dioxide that it is heating up the planet and hence causing the oceans to rise and hence possibly destroy all life on the planet. This has been the clarion call for the last 30 years accompanied by predictions of doom and gloom by the various Chicken Littles of the Climate Change/ Global Warming cult. As anyone who looks will surely see that ALL of their predictions have not come true. ALL. There are tens of thousands of credible researchers, scientists, climate experts worldwide that claim that there is no calamitous danger and no reason at all to battle nature to lower carbon dioxide levels. By far, most CO2 in the atmosphere on planet earth comes from volcanoes and the oceans. Idea: Maybe the tax collectors should tax Madam Pele for all the CO2 she spews with her volcano, that would be BIG bucks! And, scientific charts show that earth now, presently, has less CO2 in our atmosphere than at any time in earth's history. I do collect and store much of the science information on this subject and will share if wanted by legislators. This is by no means a settled, no need for any more debate, subject.

Anyone that has been watching the abnormal, record breaking extreme cold and snow within the last 2 years should certainly be questioning the validity of the global warming promoters. Scientists are pointing out the onset of a mini ice age that we are now in. Brought on by what they call the Maunder Minimum, a cyclic occurrence of sun activity. It is the sun and the water vapor in the atmosphere that control temperature here on earth. Not the presence of the 0.04% CO2 or the presence of 0.0017% Methane. We actually could use alot more CO2 as it would be very beneficial to plant life on earth. If the people living in the northern hemisphere did not have storable coal and petroleum as fuel to heat their homes, and had to survive off solar and wind electric production they would freeze and perish during winter.

I, personally, live next to the ocean on Molokai and moor my boat to a metal pipe that has been there for close to 20 years. Almost every day I watch the level of the ocean by the mooring pipe and the high tide mark on the sand beach. I will testify that the ocean has not risen even 1 iota by my own observation. It even seems that it may have even gone down slightly from last year. It is certainly not rising in any noticeable way.

This bill also will also reset the amount of 'fuel' taxes every year. I'm sure that they certainly won't be reduced in any way. Will the decision of how much they will increase be left up to ; The Carbon Tax Center, The State climate Commission, Hawaii Tax Foundation? Look at what Europe is going through with this Carbon Tax. ('Fuel tax') It is this tax that began the riots in France. It is extracting now all told, 85% of the paychecks of their middle class workers. Do we want that here? This bill should be dropped like a hot potato and keep the old Fuel tax which is expensive, but working well enough.

Please vote NO on SB 1463. Mahalo,

S Bruhjell

808 553 4243

LATE

From: [Barbara Nickou](#)
To: [AEN Testimony](#)
Subject: HB 1463
Date: Tuesday, February 12, 2019 7:49:38 PM

I oppose HB 1463

Inadequate Scientific Research has not been enough to pass this Bill.

Europeans are suffering because of similar Taxation.

Barbara Nickou

Molokai Resident for 42 years

Hawaii Residents are over Taxed as things are right now.

Sent from my Samsung phone