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## A BILL FOR AN ACT

RELATING TO SUSTAINABLE AVIATION FUEL.

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

1       SECTION 1. The legislature finds that at the inaugural  
2 Hawaii Aviation and Climate Action Summit on December 3, 2019,  
3 participants found that:

4           (1) Tourism is the number one driver of Hawaii's economy;

5           (2) Over ninety-five per cent of visitor arrivals are by  
6 plane;

7           (3) Nearly one-third of the energy consumed in the State  
8 is for jet fuel, which is a higher proportion of  
9 petroleum consumption than any other individual state;

10          (4) Over one-third of Hawaii flights are to and from  
11 international destinations;

12          (5) In 2021, a number of international flights will become  
13 subject to the offsetting requirements established by  
14 the International Civil Aviation Organization's Carbon  
15 Offsetting and Reduction Scheme for International  
16 Aviation (CORSIA), with virtually all international  
17 flights becoming subject to CORSIA offsetting in 2027;



(6) CORSIA requires commercial airlines to reduce greenhouse gas emissions by fifty per cent below 2005 levels by 2050;

(7) Mechanisms for airlines to meet CORSIA requirements include fuel efficiency improvements, switching to sustainable aviation fuel with a greenhouse gas carbon intensity below a petroleum benchmark, and purchasing and retiring carbon offsets;

(8) The State can support small and local business innovation and technology development for this important sector by expanding the authority of the Hawaii technology development corporation to match federal and private funding in this area; and

(9) A portion of the environmental response, energy, and food security tax, also known as the "barrel tax", currently allocated to the general fund can be appropriately directed to the Hawaii technology development corporation to support this program.

The purpose of this Act is to support the greenhouse gas lifecycle reduction of commercial aviation in the State by



1 establishing a sustainable aviation fuel program within the  
2 Hawaii technology development corporation.

3 SECTION 2. Chapter 206M, Hawaii Revised Statutes, is  
4 amended by adding a new section to part I to be appropriately  
5 designated and to read as follows:

6 **"§206M- Sustainable aviation fuel program; established.**

7 (a) There is established the sustainable aviation fuel program,  
8 through which the development corporation may provide matching  
9 grants to any small business in the State that is developing  
10 products related to sustainable aviation fuel or commercial  
11 aviation operations greenhouse gas reduction and requires  
12 assistance for any of the following items:

13 (1) Business planning;

14 (2) Technology development;

15 (3) Engineering; or

16 (4) Research.

17 (b) All moneys necessary to carry out the purposes of this  
18 section shall be appropriated by the legislature from the  
19 environmental response, energy, and food security tax revenues  
20 under section 243-3.5.



1        (c) In reviewing grant applications pursuant to this  
2 section, the development corporation shall analyze each  
3 application to determine whether the item to be undertaken will  
4 be economically viable and beneficial to the State.

5        (d) For the purposes of this program, product development  
6 activities eligible for matching funds grants shall reduce  
7 commercial aviation greenhouse gas emissions through:

8        (1) Sustainable aviation fuel production;

9        (2) Airborne operations fuel efficiency;

10       (3) Ground support equipment fuel replacement;

11       (4) Ground support equipment fuel efficiency; or

12       (5) Airport operations support to reduce overall jet fuel  
13 consumption.

14       (e) Hawaii jet fuel baseline carbon intensity shall be set  
15 at eighty-nine grams of carbon dioxide equivalent per megajoule,  
16 in line with the benchmark established by the International  
17 Civil Aviation Organization. This carbon intensity may be  
18 revised from time to time upon recommendation from the Hawaii  
19 state energy office based upon future revisions to the United  
20 States Department of Energy's Greenhouse Gases, Regulated  
21 Emissions, and Energy Use in Transportation full life-cycle



1 model; provided that carbon intensity shall be measured in the  
2 units of grams of carbon dioxide equivalent per megajoule.

3 (f) For the purposes of this section:

4 "Grant" means financial assistance provided to Hawaii small  
5 business innovation research, small business technology  
6 transfer, and other agency and private sector awardees and  
7 applicants under the terms and conditions provided in this  
8 chapter.

9 "Hawaii small business innovation research", "small  
10 business technology transfer", and "sustainable aviation grant  
11 program" means the programs administered by the development  
12 corporation to encourage participation by Hawaii companies in  
13 the federal research and development programs.

14 "Other agency" means an award or contract granted by the  
15 United States Departments of Agriculture, Transportation,  
16 Energy, Defense, or Commerce, or other federal agency for  
17 activity consistent with those defined in this program.

18 "Sustainable aviation fuel" means American Society for  
19 Testing and Materials D7566-compliant renewable aviation turbine  
20 fuel derived from eligible materials as defined under section  
21 269-91 and with a greenhouse gas lifecycle carbon intensity



1 lower than the baseline for jet fuel defined by the  
2 International Civil Aviation Organization."

3 SECTION 3. New statutory material is underscored.

4 SECTION 4. This Act shall take effect on July 1, 2021.

5  
INTRODUCED BY:



JAN 22 2021



# H.B. NO. 083

**Report Title:**

Hawaii Technology Development Corporation; Sustainable Aviation Fuel Program; Environmental Response, Energy, and Food Security Tax

**Description:**

Establishes the sustainable aviation fuel program to provide matching grants to any small business in Hawaii that is developing products related to sustainable aviation fuel or commercial aviation operations greenhouse gas reduction. Specifies moneys for the program are from legislative appropriations out of the environmental response, energy, and food security tax.

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