DAVID Y. IGE
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JOSH GREEN M.D.
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ISAAC W. CHOY
DIRECTOR OF TAXATION

STATE OF HAWAII
DEPARTMENT OF TAXATION
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To: The Honorable Nicole E. Lowen, Chair;
The Honorable Lisa Marten, Vice Chair;
and Members of the House Committee on Energy & Environmental Protection

From: Isaac W. Choy, Director
Department of Taxation

Date: February 9, 2021
Time: 9:00 A.M.
Place: Via Videoconference, Hawaii State Capitol

Re: H.B. 1319, Relating to Carbon Pricing

The Department of Taxation (Department) offers the following comments regarding H.B. 1319 for your consideration.

H.B. 1319 amends section 243-3.5, Hawaii Revised Statutes (HRS), to modify the environmental response, energy, and food security tax, colloquially known as the "barrel tax," by expanding it into a broader tax on carbon emissions. The measure would raise the tax from a flat rate of $1.05 on each barrel or fractional part of a barrel of petroleum product (except for aviation fuel), and create a tax matrix with different rates on eight categories of petroleum products, including aviation fuel and a catch-all for "other" types of fuel. The new rates would take effect on January 1, 2022, and increase in 2026, 2029, and 2032.

The bill would also raise the tax on each one million British thermal units (BTUs) of fossil fuel from 19 cents to higher distinct rates for coal and natural gas, also starting in 2022 and increasing in 2026, 2029, and 2032. An unspecified amount of the tax collected on each barrel would be deposited into the building energy efficiency revolving loan fund under section 201-20, HRS. All taxes on aviation fuel and all taxes for small boat fuel would be deposited into the airport revenue fund and the boating special fund, respectively; both funds are governed by section 248-8, HRS. The tax on BTUs would not apply to coal used to fulfill power purchase agreements (PPA) that were in effect as of June 2015, but this exemption would not apply to the extension of any existing PPA or any subsequent PPA.

The measure also proposes adding a new section to chapter 235, HRS, creating a refundable tax credit to mitigate the effect of the new carbon emissions tax on taxpayers. The credit amounts are as follows:

Taxpayer Type	Income Limit	Credit Amount
Single or Married filing separately	$75,000	$150
Head of household	$112,500	$225
Joint Return/Surviving spouse	$150,000.	$300

There would also be a tax credit of $50 per “qualifying child,” defined as a minor who resides with the taxpayer and is claimed by the taxpayer as a dependent. The measure is effective January 1, 2022, with the new mitigating tax credit applying to taxable years beginning after December 31, 2021.

First, with respect to the proposed tax credit in Section 2, the Department notes that restricting tax credit eligibility only to State residents may violate the U.S. Constitution. Notwithstanding the protentional constitutional issue, the Department suggests amending the credit to specify that the income thresholds apply to federal adjusted gross income. The term “gross annual household income” is not defined by this measure or in existing income tax law.

Second, the Department suggests clarifying the definition of “qualifying child” to read:

"Qualifying child" means a minor who:
(1) Resides with the qualified taxpayer; and
(2) Is claimed as a dependent by the qualified taxpayer.

This amended definition will ensure that only children of the “qualified taxpayer” will be eligible for the $50 credit.

Third, the Department also notes that the proposed tax credit in Section 2 is refundable. As a general matter, the Department prefers nonrefundable credits because refundable credits create a higher potential for improper claims and abuse. The Department therefore recommends that this credit be made non-refundable.

Finally, the Department anticipates that it will be able to administer the with its current effective date. This measure will also require taxpayer education as it represents a significant change to this tax.

Thank you for the opportunity to provide comments.

WRITTEN TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
THIRTY-FIRST LEGISLATURE, 2021

ON THE FOLLOWING MEASURE:
H.B. NO. 1319, RELATING TO CARBON PRICING.

BEFORE THE:
HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

DATE: Tuesday, February 9, 2021 **TIME:** 9:00 a.m.

LOCATION: State Capitol, Room 325, Via Videoconference

TESTIFIER(S): **WRITTEN TESTIMONY ONLY.**
(For more information, contact Cynthia M. Johiro,
Deputy Attorney General, at 586-1470)

Chair Lowen and Members of the Committee:

The Department of the Attorney General has concerns regarding Section 2 of this bill and offers the following comments.

The purposes of this bill are to increase the environmental response, energy, and food security tax to address carbon emissions and establish a refundable tax credit for lower-income individuals to mitigate the effect of the increase in tax. Under the bill, a “qualified taxpayer” eligible to claim the refundable tax credit is defined, in part, as a “resident taxpayer” meeting certain filing and income requirements. See, page 6, line 10, through page 7, line 4. Therefore, the tax credit will be available to resident taxpayers, but not to similarly situated non-resident taxpayers. As such, this bill may be subject to challenge under the Privileges and Immunities Clause of the United States Constitution.

“The Privileges and Immunities Clause, U.S. Const., Art. IV, § 2, provides that the Citizens of each State shall be entitled to all Privileges and Immunities of Citizens in the several states.” *Lunding v. New York Tax Appeals Tribunal*, 522 U.S. 287, 290 (1998) (internal brackets and quotation marks omitted). "One right thereby secured is the right of a citizen of any State to ‘remove to and carry on business in another without being subjected in property or person to taxes more onerous than the citizens of the latter State are subjected to.’” Id. at 296 (quoting Shaffer v. Carter, 252 U.S. 37, 56

(1920)). The Privileges and Immunities Clause, therefore, "prohibits a State from denying nonresidents a general tax exemption provided to residents." Lunding, 522 U.S. at 302.

To overcome a challenge under the Privileges and Immunities Clause to a law that distinguishes between residents and nonresidents, a state must demonstrate that (1) "there is a substantial reason for the difference in treatment"; and (2) "the discrimination practiced against nonresidents bears a substantial relationship to the State's objective." Lunding, 522 U.S. at 298 (quoting Supreme Court of N.H. v. Piper, 470 U.S. 274, 284 (1985)) (internal quotations omitted).

The stated reason in the bill for the tax credit, to mitigate the effect of the tax on carbon emissions, does not appear to provide a substantial justification for the difference in treatment between residents and nonresidents. The bill’s carbon emission tax will apparently be part of the fuel tax, which is imposed on distributors. To the extent that the distributor passes the tax on to retailers, who pass the tax on to consumers, those consumers would consist of both residents and nonresidents. Accordingly, the increase in taxes imposed by this bill will affect both residents and nonresidents, and there does not seem to be a substantial reason for the difference in treatment. Moreover, it is not clear the d difference practiced against nonresidents bears a substantial relationship to the State's objective.

Based on the foregoing, we respectfully ask that this concern be addressed. One way to do this is to remove the word “resident” from the definition of “qualified taxpayer” on page 6, lines 9-11 of the bill, as follows: “As used in this section: ‘Qualified taxpayer’ means a [~~resident~~] taxpayer who meets the following criteria[.]” This would address the possible Privileges and Immunities Clause challenge by making the refundable income tax credit available to similarly situated resident and nonresident taxpayers alike.

Thank you for the opportunity to provide comments.

HB-1319
Submitted on: 2/7/2021 8:19:43 PM
Testimony for EEP on 2/9/2021 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Meghan Statts	DLNR/DOBOR	Support	No

Comments:

I wish to provide back-up testimony for DLNR. Please allow me Zoom access. Thank you!

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
POST OFFICE BOX 621
HONOLULU, HAWAII 96809

Testimony of
SUZANNE D. CASE
Chairperson

Before the House Committee on
ENERGY AND ENVIRONMENTAL PROTECTION

Tuesday, February 9, 2021
9:00 A.M.
State Capitol, Conference Room 325

In consideration of
HOUSE BILL 1319
RELATING TO CARBON PRICING

House Bill 1319 proposes to amend the Environmental Response, Energy, and Food Security Tax to address carbon emissions; to increase the tax rate over time; and to establish a refundable tax credit for qualified Hawaiʻi taxpayers. **The Department of Land and Natural Resources (Department) testimony is limited to SECTION 6, page 11, lines 14 through 16 and supports the language being proposed.**

The Department supports the proposal to allocate tax revenues from the sale of gasoline, diesel, or other fuel used in small boats to the Boating Special Fund. The Boating Special Fund is administered by the Department's Division of Boating and Ocean Recreation (DOBOR) and is currently funded by user fee collections from state small boat harbors, state boating facilities, and commercial ocean recreation activities, as well as lease rents for property under DOBOR's jurisdiction.

Thank you for the opportunity to testify on this measure.

HAWAII STATE ENERGY OFFICE
STATE OF HAWAII

DAVID Y. IGE
GOVERNOR

SCOTT J. GLENN
CHIEF ENERGY OFFICER

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Testimony of
SCOTT J. GLENN, Chief Energy Officer

before the
HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

Tuesday, February 9, 2021
9:00 AM
State Capitol, Conference Room 325

Comments in consideration of
HB 1319
RELATING TO CARBON PRICING.

Chair Lowen, Vice Chair Marten, and Members of the Committee, the Hawaii State Energy Office (HSEO) offers comments on HB 1319, which establishes a refundable income tax credit for Hawaiʻi residents, subject to limitations; and revises the current "barrel tax" to be based on carbon emissions rather than volume of the fuels.

Preliminary results from a carbon pricing study that is in the process of being finalized indicate that, if done correctly, providing a "dividend" (or, as proposed in this bill, a tax credit) to residents, funded by a tax on carbon emissions, could have a positive economic impact on Hawaiʻi's households in a normal economy, while providing market signals to reduce the carbon intensity of the economy. Although the study did not model the current COVID situation or the specific features proposed in HB 1319, some of the insights gained through that work may be of interest while considering HB 1319.

There are generally two objectives with programs, such as the "Climate Action Tax Credit" in place in British Columbia,[1] that provide a dividend to residents that is funded by a tax on carbon emissions: first, provide a net financial benefit to low- and moderate-income individuals and families, funded by a tax on sources of pollution; second, encourage innovation in, and support the transition to, a lower carbon future.

One commonly asked question is about whether carbon pricing has an overall adverse effect on those with lower incomes (i.e. is it regressive). Since those with limited incomes spend a higher proportion of their income on necessities, including energy, this is an understandable concern, and is the reason why the dividend (or in this case, tax credit) is such an important part of the program. Essentially, those with higher incomes – and, in Hawai'i's case, tourists as well – use more fuel (and energy in general), particularly jet fuel, so are covering more of the costs of the program. This means that if the tax credit is set carefully, the lower income groups will receive more than they paid into the program. Although there are many other important details, including timing, frequency, and balance, in general the program has the potential to be progressive rather than regressive.

Regarding Section 2 of the bill, HSEO notes that a mechanism to return a sufficient amount of the revenue collected is an important part of the program's ability to support Hawai'i's economic welfare. HSEO defers to the Department of Taxation on administration.

Regarding Sections 3, 4, and 5 of the bill, HSEO appreciates the use of an existing mechanism, and defers to the Departments of Taxation and Budget and Finance on administration.

Regarding Section 6 of the bill, HSEO notes that the proposed rates are consistent with emissions, making this consistent with the structure of a carbon tax, which has been identified by the Hawaii Climate Change Mitigation and Adaption Commission as the most effective single action to achieve carbon emissions reductions; such an approach would support Hawaii's goal of sequestering more greenhouse gases than are emitted within the state as quickly as practicable, but no later than 2045.

Thank you for the opportunity to testify.

[1] British Columbia's Carbon Tax: https://www2.gov.bc.ca/gov/content/environment/climate-change/planning-and-action/carbon-tax

LATE

DAVID Y. IGE
GOVERNOR OF HAWAII

STATE OF HAWAII
HAWAII CLIMATE CHANGE MITIGATION & ADAPTATION COMMISSION
POST OFFICE BOX 621
HONOLULU, HAWAII 96809

Testimony of
Anukriti Hittle
Coordinator, Hawaii Climate Change Mitigation and Adaptation Commission

Before the House Committee on ENERGY & ENVIRONMENTAL PROTECTION

Tuesday, February 9, 2021
9:00 AM
State Capitol, Conference Room 325

In support of HB 1319 RELATING TO CARBON PRICING

HB 1319 proposes to amend the environmental response, energy, and food security tax to address carbon emissions, to increase the tax rate to effectively set a price of $40 per metric ton of carbon dioxide emissions in 2022, and to incrementally increase the rate over time so that in 2032 the tax rate shall be equivalent to a carbon price of $80 per MTCO2e. **On behalf of the Hawaii Climate Change Mitigation and Adaptation Commission (Commission), I support this measure.**

The Hawaii Climate Change Mitigation and Adaptation Commission "recognizes the urgency of climate threats and the need to act quickly. It promotes ambitious, climate-neutral, culturally responsible strategies for climate change adaptation and mitigation in a manner that is clean, equitable and resilient." The Commission, established by Act 32 SLH 2017 to uphold the United States' pledges under the Paris Agreement, is the coordinating body for policies on climate change mitigation and adaptation for the state. It is a high-level multi-jurisdictional body that guides the priorities of the state's climate response. Co-chaired by DLNR and Office of Planning, it consists of 20 members—chairs of four legislative committees, and executive department heads at the county and state levels.

As recognized in the measure, 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 is supported by various expert organizations, including the International Monetary Fund, the Inter-Governmental Panel on Climate Change, and Hawaii's *Transportation Energy Analysis* (2015).[1] According to IMF Working Paper *Macroeconomic and Financial Policies for*

[1] Hawaii Climate Change Mitigation and Adaptation Commission's statement (Nov 2018), available at: http://climate.hawaii.gov/wp-content/uploads/2018/11/NR-Climate-Commission-Recommends-Urgent-Action-to-Combat-Emissions-Nov.-28-2018.pdf

Climate Change Mitigation: A Review of the Literature "There is growing agreement between economists and scientists that the tail risks are material and the risk of catastrophic and irreversible disaster is rising, implying potentially infinite costs of unmitigated climate change, including, in the extreme, human extinction (see, e.g., Weitzman 2009)."[2] Further, economists at reputable investment banks such as JP Morgan have stated that "the most extreme risks of climate change can't be ruled out –including the collapse of human civilization."[3]

This measure aims to establish a price on carbon dioxide, in order to reflect the full cost of using fuels that produce carbon dioxide to discourage behavior that is expensive to life, property and nature--and thereby decrease these emissions. In the aftermath of the pandemic, this measure also attempts to make life easier for lower income families.

Carbon tax and the social cost of carbon. A carbon tax directly sets a price on carbon by defining a tax rate on greenhouse gas emissions or – more commonly – on the carbon content of fossil fuels. It is different from an Emissions Trading System in that the emission reduction outcome of a carbon tax is not pre-defined, but the carbon price is.[4]

A good carbon pricing mechanism, therefore, sets the carbon tax at the social cost of carbon at the very least, and higher if emissions targets for under 2 degrees warming are to be achieved.

EPA's Social Cost of Carbon (SSC) is defined as "a measure, in dollars, of the long-term damage done by a ton of carbon dioxide (CO_2) emissions in a given year."[5] EPA and other federal agencies use estimates of the SSC to value the climate impacts of rulemakings. Per its 2016 Fact Sheet, EPA estimates that the average SSC in 2020 would be $42 per MT.

The rate for Hawaii. Rounding this up, generally accounting for inflation and using the CPI based on UHERO's information, to $45 in 2020 is a plausible starting point, and puts us at $15 per barrel.[6] Currently, Hawaii's barrel tax is $1.05 per barrel, or approximately $3.15 per MT CO2e.

While these figures may appear high, they is actually on the low side of the World Bank's recommendations for a carbon tax range from $40 to $80 per MT CO2e by 2020 and $50-100 per ton by 2030, according to the High-Level Commission on Carbon Prices, co-chaired by Joseph Stiglitz and Lord Nicholas Stern.[7] The EPA additionally recommends high-impact increases of $123 by 2020 and $152 by 2030 per MT CO2e.

Carbon taxes in the real world. According to the US Climate Leadership Council, an escalating carbon fee offers the most cost-effective climate policy solution[8]. Some may say these estimates are theoretical. However, in reality, more than 74 nations, states, and cities have implemented

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[2] *Macroeconomic and Financial Polices for Climate Change Mitigation: A Review of the Literature.* Signe Krogstrup and William Oman. IMF Working Paper 2019

[3] *JP Morgan Warns of Climate as a Threat to 'Human Life as We Know It.'* Katia Dmitrieva. February 21, 2020. Bloomberg Green, available at: https://www.bloomberg.com/news/articles/2020-02-21/jpmorgan-warns-of-climate-threat-to-human-life-as-we-know-it

[4] See Carbon Pricing Leadership Coalition (CLPC), available at: https://www.carbonpricingleadership.org/

[5] *EPA Fact Sheet.* Environmental Protection Agency (2016), available at: https://www.epa.gov/sites/production/files/2016-12/documents/social_cost_of_carbon_fact_sheet.pdf

[6] "UHERO Consumer Price Index" (2020) US Department of Labor, Bureau of Labor Statistics, available at: https://data.uhero.hawaii.edu/#/series?id=147933&data_list_id=56&sa=true

[7] "Report of the High-level Commission on Carbon Prices" (2017), Carbon Pricing Leadership Coalition, available at: https://www.carbonpricingleadership.org/report-of-the-highlevel-commission-on-carbon-prices/

[8] *A Winning Trade: How Replacing the Obama-Era Climate Regulations with a Carbon Dividends Program Starting at $40/Ton Would Yield Far Greater Emission Reductions* (2018) David Bailey, US Climate Leadership Council.

carbon pricing all over the world[9]. In the US, ten states have implemented SCC carbon pricing in assessing new projects[10]. Even as far back as 2008, the Canadian province of British Columbia (BC) implemented the first comprehensive and substantial carbon tax in North America. By 2012, the tax had reached a level of C$30 per MT CO2e, and covered approximately three-quarters of all greenhouse gas emissions in the province.

Carbon tax's effect on the economy and emissions. Jurisdictions worried about what effects carbon pricing has on their economies look again to British Columbia. According to a Nicholas Institute 2015 paper:[11]

a. Empirical and simulation models suggest that the tax has reduced emissions in the province by 5–15%.
b. At the same time, models show that the tax has had negligible effects on aggregate economic performance, though certain emissions-intensive sectors have faced challenges.
c. Studies differ on the effects of the policy on income distribution but agree that they are relatively small.
d. Finally, polling data show that the public initially opposed the tax but now generally supports it.

However, although one of the longest running carbon tax experiments, BC's example more recently shows that a carbon tax will have to be much higher than its intent to go as high as $50 per MT to achieve climate goals. According to one source, "while BC's emissions are lower than they would have been without the carbon tax, the fact they have only levelled off underscores that either a higher carbon price or more aggressive complementary measures are needed to achieve the absolute reductions in emissions."[12] BC's example shows that neither its economy nor its government toppled.

Justice/Equity issues. Additionally, I ask the Committees to draw their attention to the Commission's strong focus on equity, in its carbon pricing statement:

> 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 ʻāina.
> - Must be adequate to change behavior.

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[9] *State and Trends of Carbon Pricing 2019* (2019) World Bank Group, Open Knowledge Repository, available at: https://www.carbonpricingleadership.org/who
[10] "US State Carbon Pricing Policies". Center for Climate and Energy Solutions, available at: https://www.c2es.org/document/us-state-carbon-pricing-policies/
[11] "British Columbia's Revenue-Neutral Carbon Tax: A Review of the Latest "Grand Experiment" in Environmental Policy". Murray, Brian, et al. (2015) Nicholas Institute of Environmental Policy Solutions, available at: https://nicholasinstitute.duke.edu/climate/publications/british-columbias-revenue-neutral-carbon-tax-review-latest-grand-experiment
[12] "Lessons from British Columbia's carbon tax: (July 11, 2019) Kathryn Harrison, Policy Options Politiques, available at: https://policyoptions.irpp.org/magazines/july-2019/lessons-from-british-columbias-carbon-tax/

Tax credit versus dividend: what benefits? The measure addresses these equity concerns by proposing a refundable tax credit for lower income families. To minimize the impacts on this group, I urge the Committee to consider also appropriately increasing the tax credit over the years. Alternatively, the Committee might consider a fee and dividend mechanism rather than a tax credit, as the former is a more "visible" payment, lacks ambiguity, and is easier to administer-and generally may be more publicly "palatable." It could also be structured to increase with increases in the price on carbon. For over a decade, BC has demonstrated that carbon fee and dividend systems represent a viable solution to carbon emission reduction for complex economies.[13] BC first implemented a carbon tax in 2008, and recently increased its rate from $35-$40 per tCO2e as part of an innovative carbon fee and dividend system.[14] The carbon "fee" portion is planned to increase by $5 per tCO2e until reaching $50 per tCO2e in 2021. As for the "dividend" portion, BC is funneling the revenues from the increased carbon tax back to households at $154.50 per adult and $45.50 per child. In addition, BC uses revenues to provide tax relief, ensure equity, maintain industry competitiveness, and encourage new green initiatives.[15]

I also urge the Committee to consider passing this measure this year, as the cost of inaction is great—climate change impacts are being felt in Hawaii already, and all science-based projections indicate they will continue to worsen. These impacts will be felt disproportionately by the vulnerable lower income communities, and life will get more expensive and worse for them if nothing is done to address these inequities. This measure is the most effective tool in a suite of policy tools that need to be undertaken, and is one that would address much needed equity and regressivity issues that already exist in Hawaii. By putting a structure in place now would not only acknowledge the deep crisis that we are in, but actually take effective action to address the crisis, and make things right for those who need it most, especially post-pandemic.

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

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[13] The Economic, Climate, Fiscal, Power, and Demographic Impact of a National Fee-and-Dividend Carbon Tax (2014) Regional Economic Models, Inc., available at: https://citizensclimatelobby.org/wp-content/uploads/2014/06/REMI-carbon-tax-report-62141.pdf

[14] *State and Trends of Carbon Pricing* (2019) World Bank Group, available at: http://documents.worldbank.org/curated/en/191801559846379845/pdf/State-and-Trends-of-Carbon-Pricing-2019.pdf

[15] "British Columbia's Carbon Tax" (2020) Government of British Columbia, available at:https://www2.gov.bc.ca/gov/content/environment/climate-change/planning-and-action/carbon-tax

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304 Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: INCOME, FUEL, Adoption of Carbon Tax, Income Tax Credit for Low Income Ratepayers

BILL NUMBER: HB 1319

INTRODUCED BY: LOWEN, JOHANSON, KAPELA, LOPRESTI, MARTEN, MIZUNO, PERRUSO, TAKAYAMA, TARNAS, WILBERGER

EXECUTIVE SUMMARY: Amends the environmental response, energy, and food security tax to address carbon emissions. Increases the tax rate to effectively set a price of $40 per metric ton of carbon dioxide emissions in 2022. Incrementally increases the tax rate over time so that, 2032, the tax rate shall be equivalent to a carbon price of $80 per metric ton of carbon emissions. Establishes a refundable tax credit to mitigate the effect of a carbon emissions tax on taxpayers.

SYNOPSIS: Adds a new section to chapter 235, HRS, granting a refundable tax credit to mitigate the effect of a carbon emissions tax on lower income taxpayers. The amount of the tax credit is $150 for taxpayers single or married filing separately, $225 for head of household, $300 for married filing jointly or surviving spouse, plus $50 per qualifying child in any case:

Defines a qualified taxpayer eligible for the credit as a resident taxpayer with gross annual household income less than $75,000 for taxpayers single or married filing separately, $112,500 for head of household, or $150,000 for married filing jointly or surviving spouse,

Defines a qualifying child as a minor who resides with the taxpayer and is claimed as a dependent by the taxpayer.

Amends section 243-3.5, HRS, to rename the barrel tax the "environmental response, energy, carbon emissions, and food security tax." Raises the tax from $1.05 on each barrel or fractional part of a barrel of petroleum product to the following, which is said to correspond to $40 per metric ton of CO_2 emissions in 2020, and increase to $80 in 2030:

Product	2021	2024	2027	2030
Propane; Butane	$10.47	$13.96	$17.45	$20.94
Gasoline	$8.22	$13.20	$18.18	$23.16
Diesel	$10.35	$15.08	$21.01	$26.34
Kerosene	$16.38	$21.84	$27.30	$32.76
Aviation gas	$14.03	$18.71	$23.39	$28.07
Jet fuel	$16.07	$21.43	$26.79	$32.15
No. 6 Fuel oil	$19.81	$26.41	$33.01	$39.62
Other	$16.00	$21.33	$26.66	$32.00

For non-petroleum fossil fuels, the tax per one million BTU is increased from 19 cents to:

Product	2021	2024	2027	2030
Coal (all forms)	$3.92	$5.22	$6.53	$7.84
Natural gas (including LNG)	$2.12	$2.82	$3.53	$4.24

Replaces the existing earmarks of taxes per barrel with the following:

(1) ___ cents per barrel to the environmental response revolving fund;

(2) ___ cents per barrel to the energy security special fund;

(3) ___ cents per barrel to the energy systems development special fund;

(4) ___ cents per barrel to the agricultural development and food security special fund;

(5) ___ cents per barrel to the building energy efficiency revolving loan fund

(6) All taxes paid on gasoline or other aviation fuel sold for use in or used for airplanes to the airport revenue fund; and

(7) All taxes paid on gasoline, diesel, or other fuel sold for use in or used for small boats to the boating special fund.

The tax is grandfathered as to coal used to fulfill an existing power purchase agreement in effect as of June 30, 2015, but grandfathering protection will not apply to a different PPA or an extension of the existing one.

Makes technical and conforming amendments.

EFFECTIVE DATE: 1/1/2022. Tax credit applies to taxable years beginning after 12/31/2021.

STAFF COMMENTS: An economist from UHERO, the University of Hawaii Economic Research Organization, 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 does not repeal the state fuel tax and does not affect the counties' power to impose fuel tax. Rather, the carbon tax is to replace the barrel tax which is now imposed at $1.05 per barrel of imported petroleum product and on other fossil fuels based on BTU equivalent.

The potential big losers will be the electric companies, because electric generation accounted for 6.8 million metric tons of CO_2 that Hawaii produced 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.

Maybe 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. This tax translates to an increase from 2.5 cents a gallon now to 19.5 cents a gallon once the bill, if enacted, takes effect. The tax will further increase to $80 per metric ton in 2032 (not 2030, as the bill's preamble says), which translates to 54 cents per gallon of gasoline.

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.

Digested 2/4/2021

HAWAI'I
AMERICANS FOR DEMOCRATIC ACTION

OFFICERS	DIRECTORS			MAILING ADDRESS
John Bickel, President	Melodie Aduja	John Miller	Bill South	P.O. Box 23404
Alan Burdick, Vice President	Juliet Begley	Jenny Nomura	Zahava Zaidoff	Honolulu
Dave Nagajji, Treasurer	Stephanie Fitzpatrick	Stephen O'Harrow		Hawaii 96823
Doug Pyle, Secretary	Jan Lubin	Lyn Pyle		

February 4, 2021

TO: Chair Lowen and members of EEP Committee

RE: HB 1319 Relating to Carbon Pricing

Support for hearing on Feb. 9

Americans for Democratic Action is an organization founded in the 1950s by leading supporters of the New Deal and led by Patsy Mink in the 1970s. We are devoted to the promotion of progressive public policies.

We support HB 1319 as it would Increase the tax rate to effectively set a price of $40 per metric ton of carbon dioxide emissions in 2022, incrementally increase the tax rate over time so that, in 2032, the tax rate shall be equivalent to a carbon price of $80 per metric ton of carbon emissions. It would also establish a refundable tax credit to mitigate the effect of a carbon emissions tax on taxpayers.

Carbon-emissions are causing climate change. We are pleased President Biden has restored the United States into the Paris Agreement within the U.N. Framework Convention on Climate Change. Yet Hawai'I must do its part. This bill is a part of us doing our part.

Thank you for your favorable consideration.

Sincerely,
John Bickel, President

Chamber of Commerce HAWAII
The Voice of Business

Testimony to the House Committee on Energy & Environmental Protection
Tuesday, February 9, 2021 at 9:00 A.M.
Via Videoconference

RE: HB 1319, RELATING TO CARBON PRICING

Chair Lowen, Vice Chair Marten, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **opposes** HB 1319, which, amongst other things, increases the tax rate to effectively set a price of $40 per metric ton of carbon dioxide emissions in 2022 with incremental increases to set carbon price of $80 per metric ton of carbon emissions in 2032.

The Chamber is Hawaii's leading statewide business advocacy organization, representing 2,000+ businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

The Chamber understands the benefits of a sustainable future and the role Hawaii plays in protecting our environment and increasing energy efficiency, but we must also refrain from imposing unnecessary burdens that will create unintended consequences on businesses and entrepreneurs.

The bulk of Hawaii's emissions come from the electricity and transportation sectors — driving, flying and shipping in goods and tourists from thousands of miles away. These industry sectors are the lifeline of Hawaii's economy and because the taxes proposed in HB 1319 would affect a significant portion of consumer expenditures, the tax burdens could be significant.

Pursuant to Act 122, Session Laws of Hawaii 2019, Hawaii State Energy Office initiated a carbon pricing study. To our knowledge, this study has not been complete which could help shape and inform policy makers and market sectors with valuable data to limit unintended consequences and burdens on businesses and consumers across the state.

Thank you for this opportunity to provide testimony.

733 Bishop Street, Suite 1200 • Honolulu, Hawaii 96813 • Phone: (808) 545-4300 • Facsimile: (808) 545-4369

HB-1319
Submitted on: 2/7/2021 1:02:25 AM
Testimony for EEP on 2/9/2021 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Evelyn Aczon Hao	Faith Action for Community Equity	Support	No

Comments:

I support this bill because it addresses the need to discourage the use of fossil fuel, a key cause of global warming, through a fossil fuel tax.

However, I propose an amendment to this bill by deleting refundable tax credits to citizens.and instead returning to residents all of the tax revenue in equal shares (cash back once a year). Doing this will benefit the majority of residents, especially those who need the cash back the most, because their share would be greater than the fossil fuel tax. A cashback would be more equitable.

Tax credits are most favorable to those who know the ins and outs of this tax feature. Most people who need the tax credits the most are not knowlegeable enough to take advantage of tax credits, and so again, they are left out of the benefits.

Thank you for your attention.

HAWAII FOOD INDUSTRY ASSOCIATION

1050 Bishop St. PMB 235 | Honolulu, HI 96813
P: 808-533-1292 | e: info@hawaiifood.com

TO:
Committee on Energy and Environmental Protection
Rep. Nicole E. Lowen, Chair
Rep. Lisa Marten, Vice Chair

FROM: HAWAII FOOD INDUSTRY ASSOCIATION
Lauren Zirbel, Executive Director

DATE: February 9, 2021
TIME: 9am
PLACE: Via Videoconference

RE: HB1319 Relating to Carbon Pricing

Position: Oppose

The Hawaii Food Industry Association is comprised of two hundred member companies representing retailers, suppliers, producers, and distributors of food and beverage related products in the State of Hawaii.

We oppose this measure to add an additional carbon tax to fuel. As the text of the measure notes, "The department of taxation already implements various fuel-based taxes, including the environmental response, energy, and food security tax, which imposes a tax on barrels of petroleum products. A separate tax is also imposed on fossil fuels other than petroleum, applied to each million British thermal units (BTUs) of heat value of a fuel." This bill would add another tax burden for our local businesses, which will impact local consumers and our state's economy in ways we don't understand. In 2019 the Legislature passed Act 122 to conduct a carbon pricing study. It appears that the study has not been completed, until the results of this study are available we will not know how this added tax will impact Hawaii businesses or Hawaii consumers.

Hawaii is a leader in the use of renewable energy, and we continue to improve our energy efficiency and sustainability. Many of our businesses have set sustainability goals of their own. We believe that the State government should be working with our local businesses and residents to help improve energy sustainability through cooperation and positive incentives. Creating anther burden for Hawaii businesses is not the right answer. We ask that this measure be held and we thank you for the opportunity to testify.

P.O. Box 37158, Honolulu, Hawai`i 96837-0158
Phone: 927-0709 henry.lifeoftheland@gmail.com

COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION
Rep. Nicole E. Lowen, Chair
Rep. Lisa Marten, Vice Chair
DATE: Tuesday, February 9, 2021
TIME: 9:00 am

HB 1319 Relating to Carbon Pricing Comments

Aloha Chair Lowen, Vice Chair Marten, and Members of the Committee

Life of the Land is Hawai`i's own energy, environmental and community action group advocating for the people and `aina for 51 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.

Economists love carbon taxes. Carbon taxes allegedly would allow the marketplace, the causer of the current climate crisis, to correct itself without the pesky need for regulation.

Reviewing studies from around the world, except for outlying studies, a carbon tax has only worked when it is above $100/ton. The average carbon tax across 42 major economies is $8.[1]

Progressive groups are split on the carbon tax issue:
Yes: American Lung Association, Nature Conservancy, Audubon, Union of Concerned Scientists, League of Women Voters, Citizens' Climate Lobby, Blue Planet Foundation
No: Indigenous Environmental Network, Climate Justice Alliance, Food & Water Watch, Greenpeace USA, Sinn Féin, Life of the Land
Depends on Bill Language: Sierra Club, 350.org

[1] https://www.nytimes.com/2018/10/08/climate/carbon-tax-united-nations-report-nordhaus.html

A Carbon Tax is regressive if it harms the economically challenged to a greater extent than wealthier people.

A Hawai`i specific factor is geography. Due to historical circumstances, some Hilo residents work in Kona and some Waianae people work in Waikiki. A carbon tax can penalize them.

Two Climate Crisis Solutions: Keep Fossil Fuel in the Ground versus Extract and Tax

Ireland`s Sinn Féin (March 2019): *"Carbon taxation does not reduce carbon emissions. Carbon tax generates taxes."*[2]

The Indigenous Environmental Network[3] and the Climate Justice Alliance[4]: "Carbon pricing, including carbon trading, carbon taxes and carbon offsets, are false solutions to climate change that do NOT keep fossil fuels in the ground… *Carbon pricing is a name for a tool that governments, financial institutions, and corporations have adopted in order to try to reconcile their continuing commitment to fossil fuel use with the need to appear to take action on climate change. Carbon pricing includes emissions trading, cap and trade, carbon offset trading, carbon taxes, and penalty and payment schemes."*[5]

Food & Water Watch: *"Carbon taxes – while popular with economists – have proven to be ineffective at actually reducing emissions in the real world. And according to research prepared for the Citizens' Climate Lobby, we will actually see an increase in electricity from fracked gas under a carbon tax plan they studied."*[6]

Greenpeace USA: *"Proposals for carbon taxes and cap-and-trade have taken up too much climate-solution oxygen in recent years, and so far, they have been flimsy half measures porous with loopholes. They come nowhere close to meeting the scale of the crisis."*[7]

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[2] https://www.sinnfein.ie/files/2019/Climate_Minority_Report.pdf

[3] Established in 1990, IEN was formed by community-based American Indian, Alaska Natives and First Nations of Canada, including youth, women, elders, traditional and spiritual indigenous societies, to address rights of Indigenous peoples and environmental and economic justice issues in North America

[4] The Climate Justice Alliance (CJA) is an alliance of over 50 community organizations, movement networks, and support organizations on the frontlines of the climate crisis in North America. CJA's constituencies are rooted in Indigenous, African American, Latino, Asian Pacific Islander, and poor white communities.

[5] http://www.ienearth.org/wp-content/uploads/2017/11/Carbon-Pricing-A-Critical-Perspective-for-Community-Resistance-Online-Version.pdf

[6] https://www.foodandwaterwatch.org/sites/default/files/rpt_1609_carbontax_web.pdf

[7] https://www.greenpeace.org/usa/if-we-dont-stop-producing-fossil-fuels-we-wont-make-it/

Life of the Land: A detailed study of nations around the world that have adopted carbon taxes reveals that they raised taxes, but few had any effect on greenhouse gas emissions. Those that did tended to slow down the rate of growth. Only Scandinavian Countries with taxes above $100/ton had real reductions attributable to the carbon tax.

Kyoto Protocol: Greenhouse Gas Emissions can be measured at the point of production or the point of consumption. The West saw greenhouse gas reductions by exporting greenhouse gas intensive industries to the Third World, buying the goods back, and claiming success while increasing the greenhouse gases emissions embedded in the goods they consumed.

HB 1319 would establish a carbon tax starting at $40 per metric ton of carbon dioxide emissions in2022 and rising to $80 per metric ton of carbon emissions in 2032.

A decade from now, at a point we need to have net-zero emissions, the tax would generate too little in funds to meaningfully reduce emissions.

There is an income-related equity provision.

Taxpayers filing as single, or married filing separately, who earns up to $75K will receive $150.

Taxpayer filing as a head of household filing a joint return or as a surviving spouse who earns up to $112.5K will receive $225.

Taxpayer filing a joint return or as a surviving spouse who earns up to $150K will receive $300.

The amount received will be increased by $50 for each taxpayer that has a child residing with them and who is claimed as a dependent by the taxpayer.

General Fund: It is unclear what percent of the money would be refunded and what percent would go to the general fund.

The Future: As countries around the world has experienced, akin to the Hawai`i Barrel Tax, the legislature will shift the allocation of funds in future years. That is a guarantee.

Hawai`i Supreme Court

Life of the Land appealed the Public Utilities Commission approval of the HELCO-Hu Honua Power Purchase Agreement (SCOT-17-0000630). Life of the Land and Hui Aloha ʻĀina o Ka Lei Maile Ali`i appealed the Public Utilities Commission approval of the Gas Company Rate Case (SCOT-19-0000044)

The Hawai`i Supreme Court upheld the appeals on May 10, 2019, and June 9, 2020.

Public Utilities Commission
On remand, the Public Utilities Commission established that all utilities must adhere to the 2011 law codified as HRS **§** 269-6b: "In making determinations of the reasonableness of the costs of utility system capital improvements and operations, the commission shall explicitly consider, quantitatively or qualitatively, … greenhouse gas emissions."

For the first time in state history, detailed comparisons of lifecycle greenhouse gas emissions associated with our energy choices are publicly reviewable.

What is the emission per unit of energy for natural gas, fuel oil, or diesel? How does wind compare to solar or geothermal? What reductions can be attributable to energy efficiency or the Electrification of Transportation.

Transparent, visible, timely analysis can make us all better informed of our climate footprint.

Time is running out.

We must rapidly reduce lifecycle greenhouse gas emission in a pono way mindful of climate justice and environmental justice.

Mahalo

Henry Curtis
Executive Director

HB 1319, RELATING TO CARBON PRICING

FEBRUARY 9, 2021 · HOUSE ENERGY AND ENVIRONMENTAL PROTECTION COMMITTEE · CHAIR REP. NICOLE E. LOWEN

POSITION: Support with amendments.

RATIONALE: Imua Alliance **supports and offers amendments** for HB 1319, relating to carbon pricing, which amends the environmental response, energy, and food security tax to address carbon emissions; increases the tax rate to effectively set a price of $40 per metric ton of carbon dioxide emissions in 2022; incrementally increases the tax rate over time so that, in 2032, the tax rate shall be equivalent to a carbon price of $80 per metric ton of carbon emissions; and establishes a refundable tax credit to mitigate the effect of a carbon emissions tax on taxpayers.

According to a report produced by the Hawai'i Climate Change Mitigation and Adaptation Commission, global sea levels could rise more than three feet by 2100, with more recent projections showing this occurring as early as 2060. In turn, over the next 30 to 70 years, approximately 6,500 structures and 19,800 people statewide will be exposed to chronic flooding. Additionally, an estimated $19 billion in economic loss would result from chronic flooding of land and structures located in exposure areas. Finally, approximately 38 miles of coastal roads and 550 cultural sites would be chronically flooded, on top of the 13 miles of beaches that have already been lost on Kaua'i, O'ahu, and Maui to erosion fronting shoreline armoring, like seawalls.

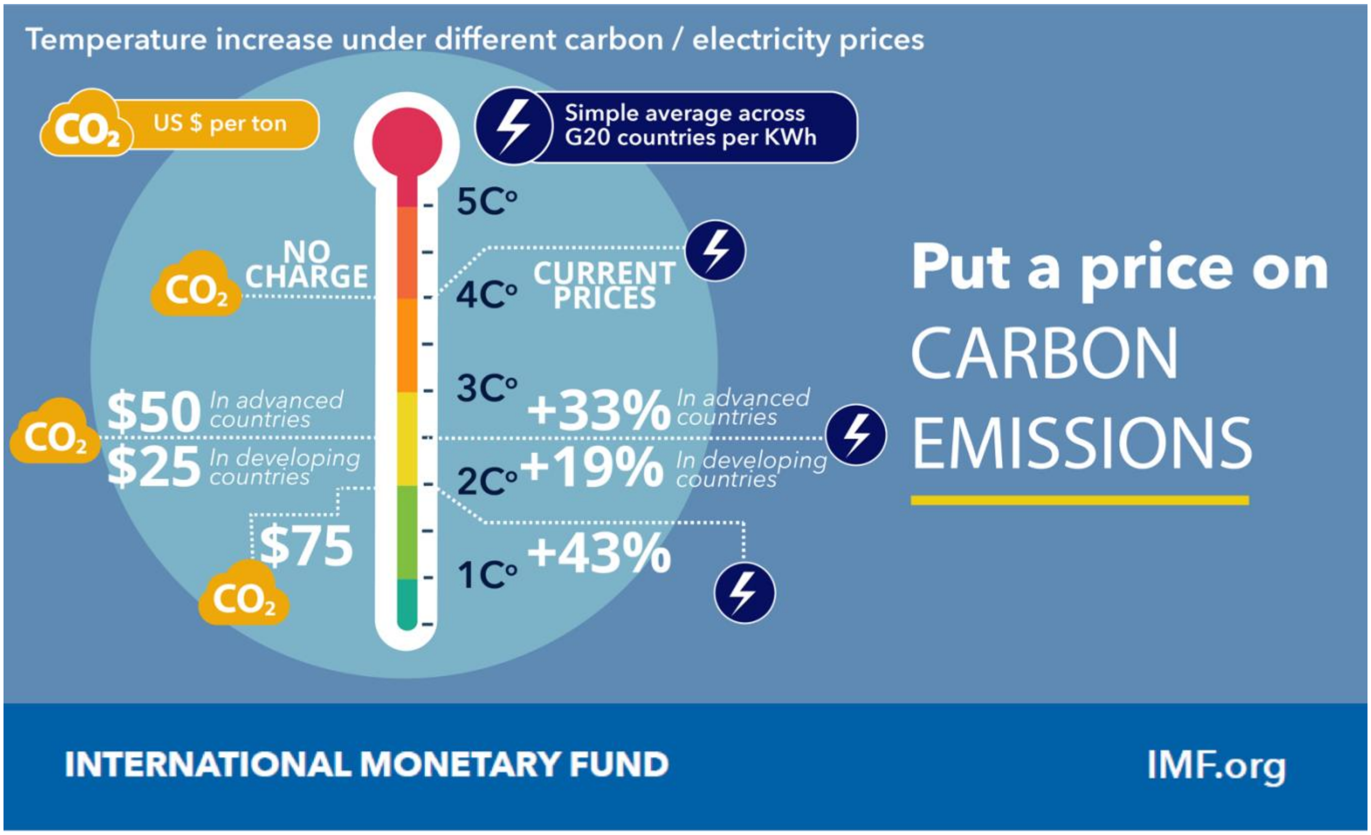
Furthermore, according to research conducted by Michael B. Gerrard from Colombia Law School, modern-day slavery tends to increase after natural disasters or conflicts where large numbers of people are displaced from their homes. In the decades to come, says Gerrard, **climate change will very likely lead to a significant increase in the number of people who are displaced and, thus vulnerable, to human trafficking.** While the Paris Climate Agreement of 2015 established objectives to limit global temperature increases and several international agreements are aimed at combating modern-day slavery, it is highly uncertain whether they will be adequate to cope with the scale of the problem that is likely to occur as a result of climate change.

As we work to reduce carbon emissions and stave off the worst consequences of climate change, we must begin preparing for the adverse impact of sea level rise on our shores. We are now quantifying the speed at which we must act. We cannot continue to develop the 25,800-acre statewide sea level rise exposure area–one-third of which is designated for urban use–without risking massive structural damage and, potentially, great loss of life.

Therefore, our state should take steps to protect Hawai'i's coastal areas, including by exploring carbon pricing options. A carbon tax is a fee imposed on the burning of carbon-based fuels (coal, oil, gas). More to the point, a carbon tax is the core policy for reducing and eventually eliminating the use of fossil fuels whose combustion is destabilizing and destroying our climate, forcing users of carbon fuels pay for the climate damage caused by releasing carbon dioxide into the atmosphere. If set high enough, a carbon tax can be a powerful monetary disincentive that motivates switches to clean energy across the economy by making it more economically rewarding to employ non-carbon fuels and energy efficiency.

Utilizing existing tax collection mechanisms, a carbon tax is paid "upstream," i.e., at the point where fuels are extracted and inserted into the stream of commerce or imported into the U.S. Fuel suppliers and processors are free to pass along the cost of the tax to the extent that market conditions allow, with market forces simultaneously creating a monetary incentive to reduce carbon dioxide emissions and help our planet curb the climate crisis's global warming effect. Carbon that is chemically bound into manufactured products–such as plastics–are not be taxed under a carbon tax scheme. Similarly, any CO2 from energy production that is permanently sequestered rather than released into the atmosphere wouldn't and shouldn't be taxed (or should receive an offsetting tax credit). Finally, **we urge you to replace this bill's refundable tax credit with a dividend scheme, as found on page 7, lines 11 to 15 of HB 460, through which at**

<u>least 25 percent of the revenue gained is directly returned to people earning 80 percent AMI or less to offset the regressivity of the tax on economically vulnerable residents.</u>



Notably, a Brookings Institute report found that using 2013 emissions figures, a carbon tax of only \$20/ton would generate an estimated \$365 million for Hawai'i.

Table 31: Estimated Impact of Carbon Tax, State of Hawaii

Per capita energy related CO2 emissions in 2013	2013 Electronic Power Fossil Combustion CO2	2013 Industrial Fossil Fuel Combustion	Total including transport	Total potential revenue, assuming 2013 emissions and tax rate of $20/ton CO2	Total carbon tax potential revenue as a share of state GDP in 2013
metric tons CO2/person	MMTCO2	MMTCO2	MMTCO2	$ millions	%
12.9	6.8	1.5	18.3	**$365**	0.49%

Source: Brookings Institution State-Level Carbon Taxes, 2016

As we accelerate our transition to a clean energy economy and continue our fight against climate change, we cannot afford to forego this sustainability-minded method of revenue generation.

Email: communications@ulupono.com

HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION
Tuesday, February 9, 2021 — 9:00 a.m.

Ulupono Initiative supports the intent of HB 1319, Relating to Carbon Pricing.

Dear Chair Lowen and Members of the Committee:

My name is Micah Munekata, and I am the Director of Government Affairs at Ulupono Initiative. We are a Hawaiʻi-focused impact investment firm that strives to improve quality of life throughout the islands by helping our communities become more resilient and self-sufficient through locally produced food; renewable energy and clean transportation; and better management of freshwater and waste.

Ulupono supports the intent of HB 1319, which amends the environmental response, energy, and food security tax to address carbon emissions; increases the tax rate to effectively set a price of $40 per metric ton of carbon dioxide emissions in 2022; incrementally increases the tax rate over time so that, in 2032, the tax rate shall be equivalent to a carbon price of $80 per metric ton of carbon emissions; and establishes a refundable tax credit for certain individuals.

We support a carbon pricing strategy and framework broadly, especially in light of prior research done by the Interagency Working Group on the Social Cost of Greenhouse Gases[1] and the consensus among expert economists on the current estimate of the social cost of carbon being well over $50 per ton.[2] However, we do believe it is imperative that a carbon tax is implemented deliberatively and comprehensively. The current proposal raises key questions:

- Understanding implications on existing revenues – what happens to other emissions and fuel-use related taxes under a carbon tax and the programs funded? For example, how do transportation funding programs adapt to reduced fuel use? And how can those agencies' programs be reconfigured to help support our climate goals versus hindering them through inducing greater vehicle miles traveled as they currently do?

[1]See Interagency Working Group 2016 Technical Support Document, Table 1: Social Cost of Carbon. These values are reflected in 2017 dollars per metric ton of CO2.
[2]See Environmental Defense Fund, 'The True Cost of Carbon Pollution' – How the Social Cost of Carbon Improves Policies to Address Climate Change.

- Advancing equity – we commend this proposal's attempt to address equity issues. However, it is unclear to what extent this proposal helps address them. The State's climate goals and commission demand a fair system that is Hawaiʻi-appropriate to change behavior. Accommodations and analyses of such fairness need to be explored more thoroughly. Many would say that the carbon tax as a whole should actually be revenue neutral, or closer to it, in order to change behavior and balance the naturally regressive nature of a carbon tax, but not adversely impact the economy.
- Understanding total net revenues – it seems plausible that this could be a very significant revenue source for the State and little has been presented to estimate how significant this revenue source could be and to what extent the tax credit and allocation to special funds offset the collection of revenues. In addition, it is not clear what the net impact is to individuals and businesses more explicitly. If, given the current State budget gap, it is determined that this tax should not be revenue neutral, but have some revenues go to the general fund, we recommend transparency in the expected percentage breakdown between special funds, the general fund, and amounts that go back to tax payers through credits or other methods.
- Clarifying eligible expenditures – it is commendable that additional moneys will be going into the energy security special fund. However, it is not clear that these moneys can be expended on supporting and expanding the lowest-carbon emitting transportation options (walking, biking, and transit). Additional clarification would be welcome since ground transportation carbon emissions have been rising since 1990, in contrast to trends in other sectors such as energy.

If these carbon tax measures move forward, we recommend that these points be considered more fully and Ulupono offers up a willingness to participate in a public-private partnership to help further consideration for these important questions.

Thank you for this opportunity to testify.

Respectfully,

Micah Munekata
Director of Government Affairs

HB-1319
Submitted on: 2/7/2021 9:29:29 PM
Testimony for EEP on 2/9/2021 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Noel Morin	Hawaii Island Chapter, Citizens' Climate Lobby	Support	No

Comments:

Dear Chair Lowen, Vice-Chair Marten, and EEP Committee members,

I am in SUPPORT of HB1319. However, I respectfully, request that we consider enhancements to ensure that social equity is better addressed.

Carbon pricing is globally recognized as an effective way to dramatically reduce greenhouse gas emissions. It has the broad support of economists and has been demonstrated to be effective in other countries (25 have implemented carbon taxes). When introduced in a gradually escalating manner and combined with rebates to residents, a carbon tax will allow us to cut emissions in a meaningful way and allow for a just transition, one where people and businesses can adapt to the increasing cost of fossil-fuel intensive products. Importantly, it will encourage a shift to less fossil-fuel intensive products.

We are in challenging times and many of our households have been and will continue to be negatively impacted by the pandemic. With close to 60% of our families struggling economically (per the United Way's 2020 ALICE report), price increases for energy and fuel may be untenable for many. We can mitigate this economic hardship by returning all of the carbon tax revenue collected to Hawaii's residents and in a manner that is timely and without friction. Working families and those in the low-income bracket will experience the impact of increased costs as soon as carbon pricing is introduced and cannot afford to wait over a year for a tax credit. Importantly, the fixed tax credit proposed in HB1319 will not be sufficient to address the economic burden introduced and this burden will only increase as the carbon tax is raised over time.

Please consider mechanisms that allow for more frequent distributions (monthly or quarterly checks or deposits, for instance) and for all of the revenue to be distributed back to households.

Thank you for your focus on our environment and your efforts towards securing a livable world. Our kids, grandkids, and future generations are depending on us to mitigate planet-destroying greenhouse gas emissions and to ensure that we’re prepared for the inevitable consequences of the climate crisis.

Sincerely,

Noel Morin

Hawaii Island Chapter, Citizens' Climate Lobby Co-Lead

Hawaii Island Chapter, Citizens' Climate Lobby is part of a Citizens' Climate Lobby, a 180,000+ national organization that advocates for meaningful national climate policy, including carbon pricing bills such as the Energy Innovation and Carbon Dividend Act.

House Committee on Energy & Environmental Protection
February 9, 2021 at 9:00 a.m.
Conference Room 325

SUPPORTING HB 1319 WITH AMENDMENTS

Faith Action for Community Equity supports HB 1319 with amendments. We support the carbon tax aspect of the bill, but the uses of the revenue generated by the tax should be changed.

The bill would increase the existing Environmental Response, Energy, and Food Security Tax (which the bill renames), which is commonly known as the barrel tax. Carbon tax mechanisms incentivize the changes needed in consumption, production and investment behavior to induce the transition to a low carbon future. Carbon taxes have been favored by governments because of their lower cost of implementation and the comparative ease of implementation. A total of 25 countries have adopted some form of a carbon tax.

The bill would increase the barrel tax in 2022, 2026, 2029, and 2032. Specified portions of the revenues from the barrel tax would fund specific programs, with the remainder being deposited to the general fund. We support the environmental programs supported by this bill, but they should be funded by progressive taxes instead.

The bill creates a refundable tax credit to mitigate the effects of the barrel tax. The tax credit is limited to households in various categories earning certain amounts or less. For example, a taxpayer filing as a single may earn up to $75,000 to qualify for the refundable tax credit of $150.

The refundable tax credit would be set at a certain monetary level, which does not increase, even though the tax burden increases over time. All income groups would experience losses because the tax credit would not cover the tax burden, and the losses would increase as the tax increases.

Fairness and equity dictate that all of the revenue from the increase in the barrel tax be returned to the people. If the bill is amended in this manner, it would be in a form that is endorsed by more than 3,500 U.S. economists, 45 Nobel Laureates in economics, and four former Chairs of the Federal Reserve.

They have signed a statement endorsing a carbon dividends framework, saying that a carbon tax is the most cost-effective method of reducing carbon emissions at the necessary scale and speed. Furthermore, they say that, to maximize the fairness and political viability of a rising carbon tax, all of the revenue should be returned directly to U.S. citizens through equal lump-sum rebates.

Faith Action for Community Equity supports HB 1319, with amendments that return all of the revenue generated by the increase in the barrel tax to Hawaii residents through equal lump-sum rebates.

HB-1319
Submitted on: 2/7/2021 10:16:08 PM
Testimony for EEP on 2/9/2021 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Climate Protectors Coalition	Climate Protectors Coalition	Support	No

Comments:

To: The Honorable Nicole Lowen, Chair,

The Honorable Lisa Marten, Vice Chair, and Members of the

House Committee on Energy and Environmental Protection

From: Climate Protectors Coalition (by Ted Bohlen)

Re: Hearing **HB1319– RELATING TO CARBON PRICING**

Tuesday February 9, 2021, 9:00 a.m., by videoconference

Position: **STRONG SUPPORT of HB1319!**

Aloha Chair Lowen, Vice Chair Marten, and Energy and Environmental Protection Committee members:

The Climate Protectors Coalition is a group inspired by the Mauna Kea Protectors but focused on reversing the climate crisis. The planet faces an existential climate crisis and we must act now! Scientists have made clear that we are part of the last generation that can stop or at least mitigate the devastating impacts of climate change. If we are to solve the climate crisis, it will require **all of us** working together.

As a tropical island State, Hawaii will be among the first places harmed by the global climate crisis. We have extra risks from more intense storms, loss of protective coral reefs, food insecurity, and rising sea levels destroying our shorelines. Hawaii is not doing enough to control climate change. Hawaii can and should be a leader in the transition to carbon neutrality and showing the world the way forward towards a safe and sustainable climate and future. We must do all we can to reduce our carbon footprint and become at least carbon neutral as soon as possible. The sooner we inspire others to take action and lead by example, the better off the future will be for our children.

HB 1319 would help to move Hawaii toward carbon neutrality by increasing the tax on fossil fuels. The tax revenue would fund government programs, some of which are environmental programs.

The fossil fuel **tax aspect** of HB 1319 is worthy because:

- The tax will have the effect of increasing fossil fuel prices, which will shift people away from using fossil fuels.
- The tax will reduce the use of fossil fuels, which will reduce the emission of greenhouse gases.
- A carbon fee offers the most cost-effective lever to reduce carbon emissions at the scale and speed that is necessary to control climate change.
- In 2011-2012 when gas prices rose to almost $5 per gallon, people reduced their consumption of gasoline and bus ridership increased.
- 25 countries have a carbon tax.

However, the refundable **tax credit** aspect of HB 1319 is **insufficient.**

To mitigate the financial effects on people, the bill creates a refundable tax credit for people in different tax categories earning certain amounts or less. For the great majority of families, people in all income groups, the tax credit does not cover the tax burden. Working families and low-income families would be severely impacted. Equity concerns need to be addressed with amendment. Returning all of the tax revenue in equal shares to people would benefit the majority because their share would be greater than their tax burden. 3,500 U.S. economists, 45 Nobel Laureates in economics, and four former Chairs of the Federal Reserve have signed a statement in support of a carbon tax with all of the tax revenue returned to citizens in equal lump-sum payments.

In order to begin the move toward carbon neutrality, it is time to act by approving HB1319, with an amendment to ensure equity!

Mahalo for the opportunity to testify in **strong support** of this very important legislation.

Climate Protectors Coalition (by Ted Bohlen)

Environmental Caucus of The Democratic Party of Hawaiʻi

February 9, 2021

To: House Committee on Energy & Environmental Protection
Representative Nicole E. Lowen, Chair
Representative Lisa Marten, Vice Chair

Re: HB 1319 – RELATING TO CARBON PRICING

Hearing: Tuesday, February 9, 2021, 9:00 a.m. Room 325, via videoconference

Position: **STRONG SUPPORT**

Aloha, Chair Lowen, Vice Chair Marten, and Members of the Committee:

The Environmental Caucus of the Democratic Party of Hawaiʻi and its Human Environmental Impacts Committee are in strong support of HB 1319, which would (1) amend the environmental response, energy, and food security tax to address carbon emissions; and (2) establish a refundable tax credit to mitigate the effect of the tax on carbon emissions for Hawaii's residents.

The Democratic Party of Hawai`i (Party) has adopted at its 2018 State Convention, clear safeguards to protect the ʻ*āina* against greenhouse gas emissions. At page 18 of the Party Platform, it specifically provides that "Democrats believe that carbon dioxide, methane, and other greenhouse gases should be priced to reflect their negative externalities, and to accelerate the transition to a clean energy economy and help meet our climate goals. Democrats are committed to defending, implementing and extending smart pollution and efficiency standards and fuel economy standards for automobiles and heavy-duty vehicles, building codes and appliance standards. We are also committed to expanding clean energy research and development."

HB 1319 would help to move Hawaii toward carbon neutrality by increasing the tax on fossil fuels. The tax revenue would fund government programs, some of which are environmental programs.

The fossil fuel tax imposed by HB 1319 is beneficial because (1) it will have the effect of increasing fossil fuel prices which dissuade people away from fossil fuels; (2) it will reduce the use of fossil fuels which will reduce the emission of greenhouse gases; and (3) it will reduce carbon emissions necessary to control climate change. Behavior shifts when gas prices increased. Take for example, in 2011-2012 when gas prices rose to almost $5 a gallon, people reduced their consumption of gasoline and bus ridership increased. In addition, 25 countries have a carbon tax.

To mitigate the financial effects on people, the bill creates a refundable tax credit for those in different tax categories earning certain amounts or less. However, the refundable tax credit in HB 1319 is insufficient as for the majority of families, the tax credit will not cover their tax burden. Working families and low-income families will be severely impacted as equity are not addressed. Returning the tax revenue in equal shares to all people would benefit the majority because their share would be greater than their tax burden. 3,500 U.S. economists, 45 Nobel Laureates in economics, and four former Chairs of the Federal Reserve have signed a statement in support of a carbon tax where all of the tax revenue is returned to citizens in equal lump-sum payments.

For these reasons, we urge you to pass HB1319 as it (1) amends the environmental response, energy, and food security tax to address carbon emissions; and (2) establishes a refundable tax credit to mitigate the effect of the tax on carbon emissions for Hawaii's residents, all of which are consistent with the Democratic Party Platform.

Thank you very much for the opportunity to testify on this key issue.

Respectfully yours,

Alan Burdick and
Melodie Aduja
Co-Chairs, Environmental Caucus
Co-Chairs, Human Environmental Impacts Committee
Democratic Party of Hawai`i
Email: burdick808@gmail.com and
legislativepriorities@gmail.com

HB-1319
Submitted on: 2/7/2021 11:48:46 PM
Testimony for EEP on 2/9/2021 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Thomas Brandt	Foresight/Policy Analysis	Support	No

Comments:

Chair Lowen, and members of the House Energy & Environmental Protection Committee:

I support the intent of this bill, but with amendments.

According to the Aloha United Way's ALICE report prior to Covid-19, 42% of Hawaii’s families could not afford the necessities of life. That percentage has jumped up to 59%. Covid's negative impact on the local economy will likely last for a few years, so we should avoid worsening pre-existing inequalities, in my opinion.

So instead of an untargeted tax credit, the carbon tax revenue should benefit the majority of Hawaii’s households, especially low-income families.

Using the formula proposed by HB 134, aka "Carbon Cashback", 99% of families would realize a net financial benefit or break even if all of the carbon tax revenue is returned to taxpayers, and only the wealthiest 1% would experience a minor net loss.

Thank you for your time and consideration.

Mahalo and Aloha,

Thomas Brandt

HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION
February 9, 2021, 9:00 A.M.
Video Conference

TESTIMONY IN SUPPORT OF HB 1319

Aloha Chair Lowen, Vice Chair Marten, and members of the Committee:

Blue Planet Foundation **supports HB 1319**, a measure establishing a price on climate-changing carbon emissions for Hawaiʻi while providing a tax credit to help mitigate the effect of the tax for local residents.

A smart carbon tax would serve as a critical policy tool to help Hawaiʻi "recover right" from the devastating economic impacts resulting from the COVID-19 pandemic. Most importantly, the revenue developed by pricing pollution can provide directed relief to local residents and families hit hardest from the economic downturn and resulting job losses caused by the pandemic.

The disruption wrought by the pandemic—at one time over 200,000 residents out of work and the state's main economic driver completely shut down—forces us to think differently and to reimagine what is possible for the state and our economy. How do we truly build an economy around the pillars of resiliency, equitability, and sustainability? How can we align our fiscal policy with our other vital public policy goals? How do we guide our recovery toward business growth that is efficient, innovative, and drives job growth? How do we build back better?

Done right, an aggressive price on carbon pollution—with a direct credit or rebate to residents—provides an answer to these questions. A properly crafted carbon pricing measure, such as HB 1319, can help Hawaiʻi prevail through this incredible challenge.

Most critically, this measure has the **potential to raise over $730 million annually** in new revenue while discouraging carbon pollution. Because of the recent plunge in oil prices, overall energy prices will remain below recent averages.

This measure provides an unparalleled opportunity to address a number of critical challenges facing Hawaiʻi at this moment. House Bill 1319 can help:

1. Raise sorely needed revenue to help make up the shortfall in the state budget;

info@blueplanetfoundation.org
55 Merchant Street 17th Floor • Honolulu, Hawaiʻi 96813 • 808-954-6161 • blueplanetfoundation.org

2. Provide directed relief to local residents and families who are hurting the most from the fallout of the pandemic;
3. Significantly reduce our climate-changing carbon emissions;
4. Develop funding to help Hawaii accelerate its transition to 100% clean energy and to adapt to the inevitable consequences of a changing climate; and
5. Position Hawaiʻi as a global leader.

The following testimony addresses each of these points.

A carbon tax is a prudent way to generate needed revenue—especially with extremely low oil prices

Few good options exist for state leaders to make up the current budget shortfall due to projected declines in tax revenues resulting from the impact of the pandemic. A properly designed carbon tax, however, can maximize social good without significantly impacting the cost of living. This is particularly true today given the dramatic decrease in fossil fuel prices.

The price of oil globally dropped significantly last year due to an oil price war between Saudi Arabia and Russia, and then because of crashing demand due to the pandemic. The average price of oil globally over the past decade was approximately $80 per barrel (Europe Brent Spot Price).[1] Current contracts for oil futures are trending between $50 and $60 per barrel as of February 7, 2021. **The average price of Brent oil futures contracts for the next five years is currently about 35% lower than the average oil price over the past decade.**[2]

With an approximate reduction in price of $25 per barrel into the near- and mid-term future, **Hawaiʻi residents, businesses, and visitors will be paying about $875 million less annually** at current conservative consumption rates of 35 million barrels per year in Hawaiʻi. Since the historical prices are not adjusted for inflation, the actual difference is greater.

A carbon tax of $40 per metric ton of carbon dioxide, as specified in HB 1319, would equate to about $20.87 per barrel (based on approximately 0.417 metric tons of carbon dioxide per barrel for a typical mix of products). Such a tax would raise about $730 million in revenue based on current reduced consumption rates. What's remarkable, however, is that even with a $40 per metric ton carbon tax, the overall cost of oil and its products would likely be below the average prices over the past decade. **In other words, the price of gasoline and other petroleum products would roughly be the same as they have been historically, despite the proposed carbon pricing mechanism.**

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[1] DBEDT Monthly Energy Trends, January 2021 (http://dbedt.hawaii.gov/economic/energy-trends-2/).
[2] Crude oil Brent futures prices from Barchart.com (https://www.barchart.com/futures/quotes/CB*0/futures-prices); accessed February 7, 2021.

Carbon tax revenue can provide relief to those hit hardest economically from the pandemic

The ongoing COVID-19 public health crisis and related massive impact to the global economy will have lasting negative effects on Hawai‘i's residents—particularly working families. HB 1319 wisely provides a refundable tax credit to reduce or eliminate the additional tax bill that low- to middle-income residents may face through the carbon tax.

Blue Planet Foundation recognizes that 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.[3] 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 Hawai‘i 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 or refund to residents.

While HB 1319 addresses the potential regressive nature of a carbon emissions tax by including a tax credit for low- to middle-income taxpayers, lawmakers may wish to consider a direct refund or another mechanism for Hawai‘i residents. A direct refund is the fastest way to put money in the hands of local residents and stimulate spending. It is also a tangible way to connect the value of the carbon price with behavior—this is a reward for making choices to reduce climate change.

Other jurisdictions have successfully implemented an effective carbon tax with a direct dividend to residents. For example, British Columbia currently has a carbon tax of $30 per metric ton ($40 CAD). The B.C. carbon tax started in 2008 at $7.50 per ton ($10 CAD) and has increased a number of times to its current level. British Columbia provides direct rebate checks to residents from a portion of the carbon tax revenues: the current "Climate Action Tax Credit" to $154.50 (CAD) per adult and $45.50 (CAD) per child. The B.C. government lowered the tax rate on the bottom two personal income tax brackets. Other revenues support clean energy programs and tax reductions elsewhere.

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[3] Bureau of Labor Statistics' Consumer Expenditure Survey, 2014 (http://www.bls.gov/cex/2014/combined/quintile.pdf)

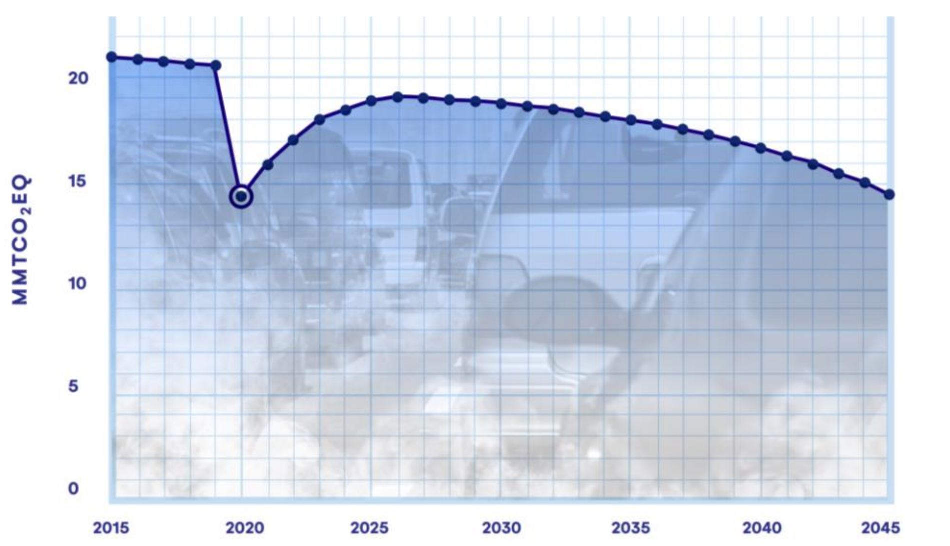
The proposed $40 per metric ton carbon tax will likely increase a typical resident's combined electricity, natural gas, and gasoline expense by about $15 to $30 dollars monthly—if no actions are taken to reduce current consumption. A household of four may see their total energy (electricity, natural gas, and gasoline) bill increase by around $40 to $60 monthly with the same tax. In the near- to mid-term, however, this increase will be offset by the reduction in the price of oil as compared with the past decade.

In addition to a direct refund or dividend, Blue Planet supports other approaches to reduce the regressive nature of a carbon tax and direct relief to Hawai‘i residents and families. These could include a 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 a tax credit as proposed in the current version of HB 1319. We would be happy to work with the legislature on exploring these alternative approaches.

Pricing carbon is a powerful policy tool to slow climate change

Setting a significant price on carbon pollution is the single most effective action that the state can take to reduce its contribution to climate change and demonstrate clean energy leadership.

Climate change will have devastating, long-term consequences on Hawai‘i's environment, economy, and quality of life. For these reasons and others, the State of Hawai‘i has committed to a decisive and irreversible transition away from fossil fuels, and a swift transition to a clean energy economy powered by one hundred percent 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 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, Hawai‘i's current policies will not succeed in significantly reducing Hawai‘i's current overall carbon emissions over the next few decades.



***Best-case** Hawai‘i greenhouse gas emissions trend with current state policies*

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. In fact, over 3500 economists signed a statement last year in the Wall Street Journal—the largest public statement of economists in history—calling for a carbon tax (please see the last page of this testimony)[4]. Locally, economist Paul Brewbaker was quoted in the *Honolulu Star-Advertiser* last year expressing strong support for a carbon tax:

> *"The optimal mix of lower atmospheric carbon-loading and higher atmospheric carbon-sequestration never will be revealed as long as carbon is costless to emit and unremunerative to sequester. For that you need an actual price, not omniscience. We need a market for atmospheric carbon in which you pay to emit (and to guide carbon taxation) and in which you get paid to sequester."*[5]

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 is an implementation of the "polluter pays principle," where those who cause the impact or damage are responsible for the costs they create.

Enacting a carbon tax is key this session to help guard against increased fossil fuel usage due to this recent—and likely prolonged—drop in global oil prices. Customers tend to use more electricity and gasoline when the prices for these commodities are lower.[6] This trend is seen among Hawai'i drivers as the price of gasoline drops. What's more, customers tend to buy larger, less fuel-efficient vehicles when they perceive that the price of gasoline will remain low. This could exacerbate a trend we are already seeing in Hawai'i toward larger vehicles. According to the Hawai'i Auto Dealers Association, pickup trucks and sport utility vehicles accounted for 69.2% of Hawai'i vehicle sales in 2019, an increase from 48.7% in 2012.[7]

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[4] Greenspan, A., et. al. (2019, January 16). Economists' Statement on Carbon Dividends. *The Wall Street Journal*.
[5] O'Connell, Maureen. (2020, February 7). Paul Brewbaker: The economist speaks plainly about challenges facing Hawaii — and how to manage them. *Honolulu Star-Advertiser.*
[6] Wadud, Z., Graham, D. J., & Noland, R. B. (2009). Modelling fuel demand for different socio-economic groups. *Applied Energy, 86(12)*, 2740-2749.
[7] "Hawaii Dealer," Hawaii Auto Dealers Association, 2020 Spring Edition (https://issuu.com/traveler-media/docs/hawaiidealer_2020_spring_edition).

But this measure is much more than an effective climate policy. It is a tool to shape choices—both macro and micro—in alignment with our preferred future. It will spur efficiency, foster innovation, and generate new job opportunities. This isn't speculation—this is exactly what British Columbia found after they adopted their carbon tax over a decade ago.

Remarkably, the B.C. business community—who was initially opposed to the tax—supported expansion of the tax during the last review. According to the B.C. government, between 2007 and 2016, B.C.'s real GDP grew by 19%, while net emissions declined by 3.7%.[8] British Columbia's business leaders also noticed that the province's economic growth outperformed the rest of the country. Clean energy and clean tech jobs flourished, and energy efficiency increased across the province. The carbon tax also secured B.C. as a location that is proactive in addressing climate change, which helped to attract new companies and employee talent to the region.[9] Business leaders also appreciated that the carbon tax was a predictable, market-friendly approach to reducing emissions, which they found superior to direct regulatory approaches.

Carbon tax revenue can help accelerate Hawai‘i's transition to 100% clean energy

Blue Planet strongly supports the use of a portion of the carbon tax revenue to be used for programs and incentives that accelerate Hawai‘i's clean energy transition. It makes good sense to tap the source of our problem—imported fossil fuels—to help fund clean energy solutions. While there are numerous funding needs, we believe that the following three uses of the carbon tax revenue have the highest impact and can help us make an equitable transition to 100% clean energy.

- **Clean energy job training, career building, and education**
  With too many Hawai‘i residents currently unemployed, Hawai‘i urgently needs to support meaningful ways to put people back to work. But our focus should be on building the future we aspire to, not simply reconstructing the past. Clean energy is Hawai‘i's future, and as we move away from imported fossil fuel, we trade those fuel expenses for equipment and labor. Achieving Hawai‘i's clean energy and climate goals will require tens of thousands of new jobs—and skilled workers to fill them. A portion of the revenue from the carbon tax should be dedicated to funding clean energy trades training and education (such as renewable energy development, efficiency retrofit skills, electric vehicle conversion and maintenance, etc.) and climate work skills building. Revenues could be directed to programs at the community colleges or universities, service and apprenticeship programs, or grants to companies who seek to transition some of their workforce. We need to build pathways to good paying jobs in the clean energy and climate sector, and revenues from the carbon tax should support that.

[8] Government of British Columbia, Canada. "British Columbia's Carbon Tax." (https://www2.gov.bc.ca/gov/content/environment/climate-change/planning-and-action/carbon-tax)
[9] https://www.bcsea.org/bc-businesses-support-stronger-carbon-tax

- **Incentives for reducing transportation carbon emissions**
  As mentioned earlier, Hawaiʻi is failing to make substantial progress on reducing carbon emissions statewide. The most significant factor in the slow progress has been the transportation sector—particularly ground transportation. Overall carbon emissions for ground transportation statewide is up 10% over the past decade, and gasoline consumption increased in 2019 over 2018 levels. Electric vehicles (EVs) are far more efficient than their gasoline counterparts, plus they can be powered by renewable energy (which is increasing annually on Hawaiʻi's grids). Blue Planet supports two proven approaches to increasing EV adoption:
    1. *EV purchase incentives.* Unfortunately, unlike other states, Hawaiʻi currently lacks any tax credits or monetary incentives to encourage the adoption of clean electric vehicles. A tax credit or rebate of $2500 or more per EV—funded through carbon tax revenues—would help nudge more car buyers to purchase an EV over a gasoline-powered car. This credit or rebate could be targeted to EVs below a certain price ($40,000) to ensure that they are focused on the primary car market instead of the luxury market.
    2. *EV charging infrastructure incentives.* Beyond a direct incentive for the purchase of EVs, expanding the availability of EV charging infrastructure would foster greater adoption of EVs. The International Energy Agency has found that "the availability of chargers emerged as one of the key factors for contributing to the market penetration of EVs." They also found that more than 80% of EV drivers charge their cars at home or at work. In addition, a large share of the Hawaiʻi population lives in high density, multi-unit residential buildings. The vast majority of parking facilities currently lack EV chargers, discouraging residents from purchasing an EV over fears that they won't be able to adequately charge it. Using a portion of the carbon tax revenues to support a direct rebate program for the installation of EV charging infrastructure would encourage the adoption of clean electric vehicles.

- **Supporting the economically disadvantaged through the existing Green Energy Market Securitization (GEMS) loan program**
  The GEMS loan program was developed as a way to fill underserved gaps and lower the cost of clean energy financing. Moreover, the program has been pointed squarely at addressing the needs of low-income and moderate-income energy customers—nearly 80% of the energy upgrades financed by GEMS have been provided for the benefit of low-income and middle-income consumers. Funding the GEMS program with a portion of the carbon tax revenues would further leverage direct investments in reducing our fossil fuel use. What's more, the funds will largely be used to assist low- and moderate-income residents, reducing the cost of living for those who are struggling the most. Using a portion of the carbon tax revenue this way would strengthen and expand Hawaiʻi's ability to help us all move together toward 100% clean energy.

Adopting a smart carbon tax with directed relief would further position Hawaiʻi as a global climate leader

Hawaiʻi has emerged as a leader on clean energy policy, adopting a number of bold, first-in-the-nation targets that have helped inspire other states to take similar action. Hawaiʻi was the first state in the country to adopt a 100% renewable energy requirement for electricity by 2045 (Act 97 of 2015), and California adopted a similar law in 2018. Today, over six states and territories have adopted similar targets. Similarly, Hawaiʻi was the first state in the nation to commit to the Paris Climate Agreement objectives after the White House decided to pull out of the agreement. Further, Hawaiʻi has pledged to achieve carbon neutrality by 2045 (Act 15 of 2018), another first in the nation. Other states and other countries globally are looking to Hawaiʻi's lead on clean energy and climate policy solutions.

Despite the broad support and clear advantages of a carbon tax, no U.S. state has adopted such a policy. Hawaiʻi has the opportunity to be a national leader by establishing an effective, meaningful price on carbon and wisely using a portion of the funds for directed relief for the economically disadvantaged and programs that accelerate our transition to 100% clean energy. The precedent that Hawaiʻi sets with a carbon tax can help to inspire this critical solution across the country—and the globe.

We urge this committee to advance HB 1319 for further discussion.

Thank you for the opportunity to testify.

ECONOMISTS' STATEMENT ON CARBON DIVIDENDS

The Largest Public Statement of Economists in History

As appeared in

THE WALL STREET JOURNAL.

THURSDAY, JANUARY 17, 2019

Global climate change is a serious problem calling for immediate national action. Guided by sound economic principles, we are united in the following policy recommendations.

I. A carbon tax offers the most cost-effective lever to reduce carbon emissions at the scale and speed that is necessary. By correcting a well-known market failure, a carbon tax will send a powerful price signal that harnesses the invisible hand of the marketplace to steer economic actors towards a low-carbon future.

II. A carbon tax should increase every year until emissions reductions goals are met and be revenue neutral to avoid debates over the size of government. A consistently rising carbon price will encourage technological innovation and large-scale infrastructure development. It will also accelerate the diffusion of carbon-efficient goods and services.

III. A sufficiently robust and gradually rising carbon tax will replace the need for various carbon regulations that are less efficient. Substituting a price signal for cumbersome regulations will promote economic growth and provide the regulatory certainty companies need for long-term investment in clean-energy alternatives.

IV. To prevent carbon leakage and to protect U.S. competitiveness, a border carbon adjustment system should be established. This system would enhance the competitiveness of American firms that are more energy-efficient than their global competitors. It would also create an incentive for other nations to adopt similar carbon pricing.

V. To maximize the fairness and political viability of a rising carbon tax, all the revenue should be returned directly to U.S. citizens through equal lump-sum rebates. The majority of American families, including the most vulnerable, will benefit financially by receiving more in "carbon dividends" than they pay in increased energy prices.

SIGNATORIES INCLUDE

3558 **U.S. Economists**

4 **Former Chairs of the Federal Reserve (All)**

27 **Nobel Laureate Economists**

15 **Former Chairs of the Council of Economic Advisers**

Hawaii Automobile Dealers' Association

John Uekawa, President
Dave Rolf, Executive Director

HADA Testimony with COMMENTS on HB1319
RELATING TO CARBON PRICING

Presented to the House Committee on Energy and Environmental Protection at the
Public Hearing 9 a.m. Tuesday, February 9, 2021 in Room 325
VIA VIDEO CONFERENCE
Hawaii State Capitol
by David H. Rolf for the members of the Hawaii Automobile Dealers Association

Chairs Lowen, Vice Chair Marten and members of the committee:

HADA dealers offer comments only on this bill, with the note that Hawaii's dealers in the past have supported the concept of a barrel tax, and continue to support the concept.

Our dealers believe that this bill has merits for advancing more rapidly the desired renewable energy transition while providing significant revenues that would be gathered from a wide variety of sectors and that could be used to offset the unemployment insurance costs on businesses created by the COVID recession.

Many in Hawaii won't initially like this bill because it proposes a tax.

But it is one of the most well-crafted bills in this legislative session.

It's a barrel tax that would apply to by all entities that use fossil fuel. Diesel busses. The Electric Utility. Gasoline users. Natural gas users. And others.

It spreads the carbon cost around on many users.

This bill proposes to increase the cost on the barrel of gasoline (42 gal.) by…

2022 — $8.22……20 cents on the gallon

2026 — $13.20….31 cents on the gallon

2029 — $18.18 — 43 cents on the gallon

2036 — $23.10 — 55 cents on the gallon.

The increase in the gasoline tax is what some national dealer industry leaders, including Michael Jackson, the CEO of AutoNation, the nation's largest auto retailer, have supported for years.

Several years ago, Jackson suggested raising the federal gas tax 10 cents a year and leaving it open, noting that Europe's gas princes, at the time, were in excess of $6-a-gallon.

GM's Bob Lutz, years ago, also called for a higher gas tax.

A $1 per gallon was called for, in the past, by GM's then CEO, Dan Akerson.

This bill includes tax rebates for lower and moderate income individuals to offset the increase in their monthly budgets.

HADA provides comments only, while being generally supportive.

HADA is not ideologically opposed to gas taxes.

HADA supported the barrel tax idea before. Albeit the barrel tax increase at the time was a very small increase--only 2.5 cents a gallon, at the time. Reviewing this bill, one of our members expressed the thought that a smaller increase than the one proposed would be more appropriate, citing the economic difficulties many are facing right now. All HADA members, however, seeing the need to spread the costs of the COVID recovery over many sectors, while encouraging the transition to renewable energy, see merits in this bill.

Our dealers look forward to working will all in drafting the roadmap that is needed for all to see how the distance to a renewable energy goal can be covered in the shortest amount of time.

We look forward to working alongside all on this transition. Many factors are now coming into the marketplace that will foster a more rapid EV transition.

We thank you for the opportunity to comment on this measure.

Respectfully submitted,

David H. Rolf, on behalf of the dealer members of the Hawaii Automobile Dealers Association

68 new car dealerships, 4,383 direct jobs, $5.8 billion total sales, $269 million State Gross Excise Taxes paid

HOUSE COMMITTEE ON ENERGY AND ENVIRONMENTAL PROTECTION

February 9, 2020 9:00 AM Room 325

with COMMENTS on HB1319: Relating to Carbon Pricing

Aloha Chair Lowen, Vice Chair Marten, and members of the committee,

On behalf of our 27,000 members and supporters, the Sierra Club of Hawai‘i **offers comments on HB1319** to expand the state‘s current barrel tax to include all major forms of fossil fuels used in the Hawaiian Islands.

We agree that a price on carbon that is high enough to influence economic choices of businesses and individuals is a crucial element among many to solve for climate change. We also agree that Hawai‘i must urgently get to work implementing these many, necessary solutions. We urge caution in this moment, however, so that we can address critical questions of equity, fairness, and balance at the outset and ensure an effective carbon pricing policy is adopted and sustained without triggering a host of unintended consequences.

We urge this committee to hold HB1319 until:

1. **Carbon Study is Released for Public Review**
   Act 122 (SLH 2019) appropriated funds for a two-year study on the options for implementing a local price on carbon. Because there are so many different potential approaches to a carbon pricing model, the findings of this study are extremely critical to adopting and sustaining a successful carbon price in the Hawaiian Islands. Policy-making on this matter should not proceed without a public assessment of this publicly funded study.

2. **Community Deliberation**
   Setting a price on carbon high enough to alter behavior will increase the cost of living in Hawai‘i. For the 33% of Hawai‘i residents who are asset limited, income constrained and employed (A.L.I.C.E.), a further increase in the price of basic necessities -- even with a tax rebate -- could be financially devastating. Genuine consultation with those disproportionately harmed by a policy shift like this helps to ensure we proactively

address challenges and that Hawaiʻi adopts bold climate policies that are fundamentally just and equitable.

As this conversation on this proposal progresses, we urge lawmakers to reflect on equity, fairness, and balance, in addition to the critical details of the price, timing, and implementation. For example:

Who should pay for the cost of climate change?

Considering major fossil fuel companies engaged in a 30-year public deception campaign that delayed and undermined the adoption of policies to stem climate change--while at the same time making absurd profits--it is reasonable to expect these companies to contribute their fair share toward the cost of addressing climate change at this last stage. Trade associations, states and municipalities in the U.S. and Canada, just like Honolulu and Kauaʻi, are turning to the courts to seek damages for the climate liability of fossil fuel corporations that engage in deceptive marketing practices. Hawaiʻi should follow their lead. It is not fair to adopt policies that lay the financial burdens of climate solutions solely on taxpayers and consumers.

What are the options for carbon neutral living?

Before adopting a pricing scheme designed to nudge businesses and individuals to more sustainable options, it is crucial to ensure that more sustainable options are widely available. The state needs to expand investment in clean energy and clean transportation options to ensure they are robust enough to meet the needs of residents.

Resources

A.L.I.C.E. Report 2020, Aloha United Way https://www.unitedforalice.org/Hawaii (highlights the challenges of climate uncertainty for ALICE households)

How to Set a Price on Carbon Pollution, Scientific American, June 1, 2020. https://www.scientificamerican.com/article/how-to-set-a-price-on-carbon-pollution/

"How Carbon Pricing Can Further Environmental Justice," Climate XChange, Nov. 15, 2019 https://climate-xchange.org/2019/11/15/how-carbon-pricing-can-further-environmental-justice-recap/

"How Exxon went from leader to skeptic on climate change research," Los Angeles Times, Oct. 15, 2015 https://graphics.latimes.com/exxon-research/

"Our two biggest problems are climate change and income inequality. If we pit one against the other, neither will win," Sierra Club Carbon Pricing Policy Guidance, 2016 https://www.sierraclub.org/sites/www.sierraclub.org/files/CarbonPricingGuidance.pdf

We are extremely grateful to this Committee and the many climate champions in the House for advancing this important conversation. There is no doubt that a price on carbon must be established to effectively combat climate change. We look forward to working with legislators to ensure a just and equitable carbon pricing policy is adopted for Hawaiʻi and serves as a model for other jurisdictions seeking to do the same.

Thank you very much for this opportunity to provide comments on HB 1319.

Mahalo,

Marti Townsend
Chapter Director

Hawaii Transportation Association
Driving Hawaii's Economy

February 9, 2021

TESTIMONY BEFORE THE HOUSE COMMITTEE ON ENERGY AND ENVIRONMENTAL PROTECTION ON HB 1319 RELATING TO CARBON PRICING

Aloha Chair Lowen, and committee members. I am Gareth Sakakida Managing Director of the Hawaii Transportation Association (HTA) with over 375 members involved with the commercial ground transportation industry.

HTA opposes the increase of fossil fuel related taxes for commercial motor vehicles. These vehicles ensure our high standard of living delivering everything we need to live: food and beverage; medicine; household appliances; furniture; building materials, etc.

Fuel costs and related taxes are generally ranked in the top two operational cost factors for motor carriers. Increasing any cost factor only serves to boost the cost of everything.

It is laudable this bill seeks to minimize the fuel tax related impact on lower income families, but it does not shield them from retailers' increased prices factored by increased transportation costs.

These motor carriers are out there doing a job, and always seeking to be as efficient as possible. Some like to criticize the industry for not converting to zero emission vehicles. This is a most costly transition as the driving public itself is realizing.

For commercial vehicles, electric power means investing in vehicles that cost 4-5 times as much as non-ZEVs, an extreme stretch for an industry of small operators. Obtaining the vehicle is just the first step as a refueling infrastructure needs to be established. One cannot go to the neighborhood gas station to refuel with hydrogen, natural gas, or electricity.

These infrastructures are also costly and require land for their construction.

Mahalo.

LATE

RETAIL MERCHANTS OF HAWAII

TESTIMONY OF TINA YAMAKI, PRESIDENT
RETAIL MERCHANTS OF HAWAII
February 9, 2021
Re: HB 1319 Relating to Carbon Pricing

Good morning Chairperson Lowen and members of the House Committee on Energy & Environmental Protection. I am Tina Yamaki, President of the Retail Merchants of Hawaii and I appreciate this opportunity to testify.

The Retail Merchants of Hawaii was founded in 1901, RMH is a statewide, not for profit trade organization committed to the growth and development of the retail industry in Hawaii. Our membership represents small mom & pop stores, large box stores, resellers, luxury retail, department stores, shopping malls, local, national, and international retailers, chains, and everyone in between.

We are **STRONGLY OPPOSED** to HB 1319 Relating to Carbon Pricing. This measure amends the environmental response, energy, and food security tax to address carbon emissions; increases the tax rate to effectively set a price of $40 per metric ton of carbon dioxide emissions in 2022; incrementally increases the tax rate over time so that, in 2032, the tax rate shall be equivalent to a carbon price of $80 per metric ton of carbon emissions. Establishes a refundable tax credit to mitigate the effect of a carbon emissions tax on taxpayers; takes effect 1/1/2022; and tax credit applies to taxable years beginning after 12/31/2021.

Retailers continue to be concerned about our aina and have supported many initiatives that preserve and protect our environment. However, this added cost of doing business in Hawaii is something our struggling industry cannot afford.

Retail has been one of the hardest hit industries in the state due to the pandemic. We just cannot afford anymore operational cost increases.

We also want to point out that since last March, many retailers were forced to lay-off staff due to shutdowns. While some have returned to work, others have not been called back and many stores are short staffed. Other are not able to open as their customer base, the visitors to Hawaii have not fully returned.

The 3rd Commercial Lease Rent survey from data collected between December 1 and 31, 2020 revealed:

- One in 10 Hawaii businesses permanently closed over the course of the pandemic, and 67 percent were impacted significantly by government restrictions.
- From April through December 2020, 50 percent of businesses did not pay their rent in full.
- Three in 10 businesses expected to miss three full rent payments between October and December 2020, and more than half expected to miss at least one full rent payment between January and June 2021.
- Tourism accounts for at least one-quarter of the overall revenue of 37 percent of Hawaii businesses.
- 86 percent of businesses saw their annual revenue decrease in 2020, and 82 percent expect a decrease in 2021 as well.

Furthermore, retailers have also taken pay cuts and streamline their operations to keep their doors open and as many of their employees employed. For many retailers, they have seen a 70% decrease in their revenue in 2020 and are operating at 50% capacity to include the total number of customers and employees in the store at any given time. We have also had to endure an almost 50% increase in shipping to and from our neighbor islands and goods and services have increased in price as well.

The increase incurred with measurers like this would be passed on to the customer and businesses – especially the smaller local businesses – who will not be able to absorb this additional cost. As a result, the cost of living in Hawaii will increase and customers will turn to other online vendors who do not have Hawaii ties. More stores will close and more of our friends, family and neighbors will no longer be employed.

Ever week we see more and more retailers shutting their doors for good because they can no longer afford to do business in Hawaii. We ask that you hold this bill to help businesses recover and survive the affect this pandemic is having on our industry.

Mahalo again for this opportunity to testify.

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HB-1319
Submitted on: 2/4/2021 4:36:13 PM
Testimony for EEP on 2/9/2021 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Michael Zehner	Individual	Oppose	No

Comments:

This bill is a rip off to people that don't have single family homes and are PROHIBITED from installing solar.

HB-1319
Submitted on: 2/5/2021 12:36:09 PM
Testimony for EEP on 2/9/2021 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Marc Rubenstein	Individual	Oppose	No

Comments:

Unfortunatetly this bill (as written) will cause most goods to become exhorbitantly expensive, and will negatively impact those who can least afford it. Hawaii's cost of living is already one of the highest in the nation, please do not exacerbate it with this legislation.

HB-1319
Submitted on: 2/5/2021 1:12:18 PM
Testimony for EEP on 2/9/2021 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Ruta Jordans	Individual	Support	No

Comments:

The purpose is to decrease carbon dioxide emissions. Please support to decrease green house gasses!

HB-1319
Submitted on: 2/7/2021 9:24:27 AM
Testimony for EEP on 2/9/2021 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
John Kawamoto	Individual	Support	No

Comments:

I support HB 1319 with an amendment. The increase in the renamed Environmental Response, Energy, Carbon Emissions, and Food Security Tax is laudable. However, all of the tax revenue should be rebated to Hawaii residents in equal shares.

Climate change has been called the greatest market failure in human history, largely because the fossil fuel industry does not pay for the impacts of greenhouse gas emissions. For the U.S., carbon dioxide released by the burning of fossil fuels makes up 82% of greenhouse gas emissions. That carbon dioxide persists in the atmosphere for about 100 years. The result is the devastation of climate change.

Instead of the fossil fuel industry paying for the impacts of greenhouse gas emissions, future generations will have to pay by having to live in an unhealthy environment, which will reduce their quality of life and increase illness and disease. Natural disasters, such as hurricanes and forest fires, will continue to intensify due to climate change.

The carbon tax is a market intervention mechanism that has proven to be effective in reducing the use of fossil fuels. Twenty-five countries have adopted it. Several jurisdictions in the U.S. have adopted a carbon tax, but no state has done so yet. Hawaii could be the first. The carbon tax aspect of HB 1319 is worthy of implementation.

HB 1319 uses the carbon tax revenue to fund government programs, including certain environmental programs. Those environmental programs especially deserve to be funded, but they should be funded by a progressive tax instead.

HB 1319 also creates refundable tax credits for low- and middle-income people to mitigate the adverse financial effects of the carbon tax. However, the tax credits are not large enough to cover the tax burden. Moreover, the gap increases as the tax increases.

For the purpose of equity. all of the revenue generated by the tax assessed by HB 1319 should be returned to Hawaii residents through equal lump-sum rebates. The majority of people would benefit financially because their rebate would be larger than their tax burden. Low-income people would benefit the most because their tax burden would be low due to their low use of fossil fuels.

If the bill is amended in this manner, it would be consistent with the concept endorsed by more than 3,500 U.S. economists, 45 Nobel laureates in economics, and four former Chairs of the Federal Reserve. They say that “A carbon tax offers the most cost-effective lever to reduce carbon emissions at the scale and speed that is necessary.” Furthermore, “To maximize the fairness and political viability of a rising carbon tax, all the revenue should be returned directly to U.S. citizens through equal lump-sum rebates. The majority of American families, including the most vulnerable, will benefit financially by receiving more in ‘carbon dividends’ than they pay in increased energy prices.”

In summary, the carbon tax element of HB 1319 should be retained, but the bill should be amended by returning all of the tax revenue to Hawaii residents through equal lump-sum rebates.

This my testimony on **<u>HB-1319</u>** (Relating to Carbon Pricing).

This testimony is both from a private citizen and on behalf of private company that will be severely affected by this legislation.

HB-1319 will be destructive to both the Hawaii people and companies as a whole. This Bill is flawed for many reasons and I will try to be clear on my points. **I do believe reading my entire testimony will make sense to it all. I implore you to do so.**

Climate Change is not the "<u>most critical issue</u>" confronting the State of Hawaii. The Legislature is the most critical issue itself. They themselves are creating a burden through legislation that hinders growth, increasing the **<u>COST OF LIVING</u>** and does not create an environment for a better quality of life for its people.

A lower cost of living and a quality of life should be the primary goal of any State Legislature. Not passing laws that fit a political agenda and burdens the tax payers.

Once again. The Bill is flawed in many ways.

<u>Climate Change</u>:

The Bill states "The overwhelming consensus of climate scientist who have studied the issue is that climate change is occurring primarily as a result of the combustion of fossil fuel". This premise is a false dogma. As the Wall Street Journal reported, "The assertion that 97% of scientist believe that climate change is a man made, urgent problem is fiction". The fact is that a mere 1% of scientist believe that human activity is causing most of the climate change.

A petition was signed by more than 31,000 scientists that states "there is no convincing scientific evidence that human release of carbon dioxide, methane, or other greenhouse gases is causing or will, in the foreseeable future, cause catastrophic heating of the Earth's atmosphere and disruption of the Earth's climate".

Indeed, even a founding father of the man-made "global warming" theory – Claude Allegre recently came out and renounced his position by admitting, "The cause of this climate change is unknown". If true, how can we try to solve a problem that we do not know the real cause? Seems counter intuitive.

One leading scientist (Kevin Trenberth) admitted "the fact is that we cannot account for the lack of warming at the moment and it is a travesty we can't". The travesty is because he was worried about losing his government funding. The bulk of global warming was between 1979 and 1998. We have actually had temperatures dropping ever since. The fact is, according to NASA, NOAA and other scientific organizations, the worlds is 1.08 degrees <u>cooler</u> than it was in 1998.

Another scientist (Dr. Phil Jones) a leading "global warming" advocate at the United Nations admitted that he used "Mike's Nature Trick" in a 1999 graph to "hide the decline" in temperature. So, we do know there is data manipulation.

In another study done by Stephen Goddard at Real Science revealed just how ridiculous "climate scientist" can get with data manipulation. Here is what he had to say: The National Oceanic and Atmospheric Administration (NOAA) has been "adjusting" its record by replacing real temperature with data "fabricated" by computer models.

Why all this manipulation? The fact is that the U.S. Government spends $22B of tax payer money to stop "Global Warming" and financing global warming initiatives. This is $41,856 every minute. Twice as much as we spend on boarder security. The truth is that many do not want to lose government funding so manipulation is part of the game.

$22B is just what is spent on these global warming initiatives. The reality is, these initiatives have ripple effects. Mainly the regulations from government agencies like the EPA that hinder free enterprise and force us to rely on foreign energy.

According to Forbes, the total cost of these ripple effects is a staggering $1.75 trillion annually. Think about that. We are watching $1.75 trillion per year go to waste. $3,329,528 per minute.

In the past 12 years, NASA and NOAA satellites have shown that the North Polar Ice Caps have grown from 43% to 63%.

Facts are that there is and have always been climate change. It has nothing to do with man. From Alexander the Great conquering Persia (climate change was a big factor for that) to the Little Ice Age in Europe that killed hundreds of thousands from 1600 to 1800 or the heat wave and drought that wiped out much of America during the 1930's that dislocated thousands of people in search of survival.

Were those events caused by man-made "global warming"? Of course, not.

That being said, I will not say more about that issue. Only that we cannot try to solve for a problem we do not understand and is not concrete. Solving climate change that has nothing to do with man is not wise and a cost that we cannot take on.

Hawaii Economy:

By putting a price on carbon, you put the Hawaii economy in jeopardy of potential collapse. You state that fifty-one carbon pricing initiatives have been implemented worldwide. How does that make sense for Hawaii to join in just because you feel like getting on-board? It does not help the Hawaii economy. The Paris Climate Accord by most economist states that this will only hinder growth in America, let alone Hawaii. Yet you state the Parris Accord in this Bill as if it's a good thing. It is not for Hawaii.

You also state that Covid caused a high unemployment rate "**straining the already high cost of living"**. What do you think this Bill will do? The "economic downturn and high unemployment rate" were caused by our State Government leadership decisions and how Covid was handled. Take a look at Florida and how they managed it. Their economy is booming. That fact is not even in debate.

Coal fuel will not apply to the current existing power purchase agreement; however, the independent power producer shall be permitted to pass the tax imposed under subsection C, onto the electric utility (Heco, Helco). This tax will be passed on to the **end user**, thus once again, increase the **COST OF LIVING** for all residents and business in Hawaii. Do we not yet see the many issues with this Bill?

The gas utility will also pass on this tax without approval of the PUC. Must I say it again? **THE COST OF LIVING** increase if this Bill pass is counter intuitive in keeping the cost of living down.

The proposed tax credit "mitigation" rebate in this Bill is minuscule and a farce in portraying a "benefit" to the tax payer. This does nothing to overall cost of living added to the low wage earner or middle class. Contrary, this will hurt all parties in the State. This will cause producers to not invest in Hawaii and will **exacerbate the ever-increasing exodus of our young people and tax base to other states**.

Farming:

I hear issues about sustainable farming in Hawaii and how we can grow our own food. Would farmers use less fuel for their tractors and the like? Will their equipment run on electric power? Would our commercial fishing boats and the like run-on batteries? I would say not. This Bill would cause a cost increase to food production at all levels of our local farming and fishing industry. This Bill would not help "innovation and create new job opportunities" contrary, this Bill would kill jobs and hurt the economy. Once again, this is counter intuitive.

This Bill would increase the barrel tax on gasoline close to 800%, diesel 1000% and aviation fuel 1400 – 1600% in the first year. This type of legislation is only designed to do one thing. Sway its citizens and businesses from driving fossil fuel vehicles as it is penalty and a pain induced legislation to change habits. This should not be government mandated or manipulated, but market driven. If the market yields better electric vehicle technology, then the businesses and citizens will ultimately transition.

Regulations and Cost:

This Bill will put additional burdens to the "petroleum product distributors" with additional record keeping, attorneys' fees and the like. The unintentional cost to these businesses has not be taken into consideration nor does it seem it matter. These are the types of regulations that cause businesses to fail and or add logistical admin. cost that is passed on to the consumer.

The consumer and tax person will need to file more paperwork to claim any tax credit. "The director of taxation may require the taxpayer to furnish reasonable information to ascertain the validity of the claim for the tax credit made under this section". Can we not see the burdens put on the tax payer and businesses?

Record keeping, calculating price per barrel with BTU's is an added nightmare for businesses to work with. 1 Million BTU's = 2,750,716 gals. atmospheric U.S. in energy or 8 gals. of gasoline. This is what sounds cool in the Bill; however, legislators don't need to deal with these types of regulations that they pass. It's not their concern.

Moreover, petroleum distributer must track monthly and report (more labor hours) and pay the taxes, thus this cost will be passed on to the retailer and then the end user.

Note: All records must be maintained for five years.

This tax would be an exponential cost as it moves down the chain, thus increasing the cost to the consumer and the **COST OF LIVING** in Hawaii. Once again, counter intuitive to what the legislature states is an issue in Hawaii and acknowledges the exodus of our young adults to other less burdensome states.

Monies End Use: Section 141-10 section b.

The Bill states that the money collected will be deposited into the special funds.

1. Environmental response, energy, carbon emissions, and food security tax specified under sec. 243-3.5
2. Any appropriations by the legislature into the special fund.
3. Any grant or donation made to the special fund.
4. Any interest earned on the balance of the special fun.
5. Building energy efficiency revolving loan fund.
6. Any gasoline or other aviation fuel sold for use in or used for airplanes shall be deposited into airport revenues fund.
7. All gasoline, diesel, or other fuel sold for in or used for small boats shall be deposited in the boating special fund.

What type of additional regulations and cost would be required for businesses to track these items for # 6 and 7?

If this Bill is for the monies (x number of cents per gal.) to go into the environmental response revolving fund, energy security special fund, energy system development special fund and the agriculture development and food security fund, **why would the EXCESS REVENUES GO INTO THE GENERAL FUND?**

This seems to me as a money grab for the legislature in spending as this is an increase on taxes. All of this should be very troubling to all residents in Hawaii.

I would implore the legislature to not pass this Bill in any form what so ever. This is an economy killer for our fragile state. I would like the legislature to consider some other cost cutting measures before we ever increase cost to the citizens and businesses. That makes good sense and good governing.

Respectfully,

Jowell Rivera, Concerned Citizen and a Company President

HB-1319
Submitted on: 2/7/2021 1:27:07 PM
Testimony for EEP on 2/9/2021 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Josephine Dianne Deauna	Individual	Support	No

Comments:

Good day,

I'm writing in support of HB 1319, which increases the tax on fossil fuels used in the state of Hawaii. Additionally, I am in support of the amendment which returns all tax-generated revenue in equal shares to the people of Hawaii.

The fossil fuel tax promoted by HB 1319 will reduce the effects of climate change to the state because as it is currently written, it will increase fossil fuel prices, which will encourage reduction in the use of fossil fuels. This was shown before when in 2011-2012, gas prices increased to $5 / gallon, and the community reduced gasoline consumption and used more public transportation. Hawaii is one of the most vulnerable places on Earth to the impacts of climate change, and must take more drastic action to combat emissions. A carbon tax has been adopted by 25 countries, and has been shown to be the most cost-effective tool in curbing greenhouse gas emissions at a scale and speed tantamount to climate change.

The refundable tax credit proposed by HB 1319, wherein a single taxpayer earning up to $75,000 a year can file for a tax refund of up to $150, does not address the needs of majority of the residents of Hawaii. Working class and low-income families will be burdened by the carbon tax, and not be able to cover its costs. The COVID-19 pandemic has made inequality even wider, with over 59% of families currently unable to afford necessities, compared to 42% before the pandemic. Returning the tax revenue in equal shares to everyone, regardless of their yearly income, presents a better alternative than a tax credit, as only 1% of people would experience a minor loss, while 99% of low-income families would benefit or break even.

HB 1319 is an important step forward in the fight against climate change, and the amendment for an equal share of revenue for all residents is a remarkable step to making sure that the most vulnerable to the effects of climate change and economic inequality are NOT disproportionately burdened by this initiative.

Thank you for your consideration.

HB-1319

Submitted on: 2/7/2021 2:39:36 PM
Testimony for EEP on 2/9/2021 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Elizabeth Nelson	Individual	Support	No

Comments:

I really experienced an amazing difference in our environment during the pandemic. Less traffic, fewer visitors made such a visible change. The ocean was cleaner, the air was cleaner and it was a beautiful sight to see.

I am in support of the fossil fuel tax bill with an amendment that all tax collected be returned to the residents. In equal shares this would benefit the majority because their shares would be greater than their tax burden.

Over 3,000 economists and 4 former Chairs of the Federal Reserve have signed statements in support of carbon tax with all of the tax revenue being returned to citizens in equal lump sum payments.

Thank you so much. We can do this.

Elizabeth Nelson

Kaneohe

HB-1319
Submitted on: 2/7/2021 2:46:58 PM
Testimony for EEP on 2/9/2021 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Virginia Tincher	Individual	Support	No

Comments:

I support HB 1319 with an amendment to return all of emissions tax to Hawaiian residents

Thank you Representative Lowen for introducing HB1319 Relating to Carbon Pricing. The carbon emissions tax proposed in HB 1319 will send a signal that Hawaii intends to price the impact to our health and climate caused by fossil fuels. However addressing equity and stimulating the Hawaiian economy is key to the success of reducing fossil fuel use and increasing climate friendly solutions.

The tax credit in the current bill will not cover the increased cost of gas for the great majority of families. If we want to reduce use of gas and protect lower income families then the tax needs to be progressive and all of the carbon emissions tax needs to be returned equally to all Hawaii residents or at least to those in low to middle income tax brackets not just a portion of it. Direct payments will help stimulate the economy and give residents extra money to cover increased fuel costs and for most lower income residents additional funds.

HB-1319
Submitted on: 2/7/2021 7:36:27 PM
Testimony for EEP on 2/9/2021 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Ronald Reilly	Individual	Support	No

Comments:

Dear Chair Lowen, Vice Chair Marten, and EEP Committee members,

I support HB1319.

However, I have some suggestions for your consideration.

The increase in the effective tax rate should be higher than what is proposed, i.e., $40 per metric ton in 2022 should be increased by $10 each year to reach $150 per ton by 2032. This would send a much stronger market signal, generate far more revenue to be returned to Hawaii residents and be more in line with the urgency of the climate crisis emergency.

Low income and vulnerable people need to be protected from regressive taxation and from increased prices of fossil fuels and other items that are fossil fuel dependent. An annual tax rebate, while well intentioned, is inadequate to protect and assist someone who is struggling on a daily, weekly and monthly basis to pay for housing, food, utilities, transportation and possible healthcare expenses. Which of these items gets passed over by a single parent struggling with an income that will not cover her monthly expenses?

This end-of-month payment crunch can be best addressed via a state issued check, debit card or direct bank ETF deposit. The collected revenue needs to get back to the people far more quickly than via a tax rebate.

Thank you, Ronald Reilly Volcano Village HI 96785

Member of Citizens' Climate Lobby – Hawaii Island Chapter

HB-1319
Submitted on: 2/7/2021 8:20:51 PM
Testimony for EEP on 2/9/2021 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Kevin Hagan	Individual	Support	No

Comments:

The fossil fuel tax aspect of HB 1319 is worthy because:

- The tax will have the effect of increasing fossil fuel prices, which will shift people away from using fossil fuels.
- The tax will reduce the use of fossil fuels, which will reduce the emission of greenhouse gases.
- A carbon fee offers the most cost-effective lever to reduce carbon emissions at the scale and speed that is necessary to control climate change.
- In 2011-2012 when gas prices rose to almost $5 per gallon, people reduced their consumption of gasoline and bus ridership increased.
- Hawaii is not doing enough to control climate change.
- 25 countries have a carbon tax.

The refundable tax credit aspect of HB 1319 is insufficient because:

- For the great majority of families, the tax credit does not cover the tax burden. As the tax increases, families lose even more money.
- Working families and low-income families would be severely impacted.
- The Aloha United Way issued the ALICE report about families who are Asset Limited and Income Constrained, although Employed. Prior to Covid-19, 42% of Hawaii's families could not afford the necessities of life. That percentage has jumped up to 59%.
- Equity needs to be addressed.
- Covid-19 and its effect on the economy will likely last for a few years, so we must make sure this doesn't exacerbate existing inequalities, to emphasize their economic hardships that already exist.
- Instead of a tax credit, returning all of the tax revenue would benefit the majority of Hawaii's households, especially low-income families.
- Instead of a tax credit, a study shows that 99% of low-income families would benefit or break even if all of the tax revenue is returned to people, and 1% would experience only a minor loss.

3,500 U.S. economists, 45 Nobel Laureates in economics, and four former Chairs of the Federal Reserve have signed a statement in support of a carbon tax with all of the tax revenue returned to citizens in equal lump-sum payments.

Aloha Representative Lowen and Members of the Energy & Environmental Protection Committee:

I am submitting testimony in support of HB 1319 **with amendments**. I support the carbon tax aspect of the bill, but the uses of the revenue generated by the tax should be changed.

As an economist, I'm in complete agreement that placing a fee on fossil fuels is a necessary step to induce reductions in our use of fossil fuels and movement to a carbon-free economy. I also support HB 1319's provision to return some of the dividends to citizens because it makes this bill progressive as opposed to the regressive gasoline tax where revenues go to the general fund.

Unfortunately, HB 1319 fails to return enough money to citizens. By my calculations (available upon request), all households will pay more in goods and services because of increased energy prices than they will receive in dividends, and this deficit grows over time. Given all the economic challenges lower income families currently face, we need a bill that makes lower income households better off not worse off.

Therefore, if bill must retain the same framework, I recommend that the initial dividend be increased to something close to $200 for tax payers filing single or married filing jointly, $300 for taxpayers filing as head of household, and $400 for taxpayers filing a joint return or as a surviving spouse. To keep lower income households whole, it seems that the dividend needs to rise by about $15/year.

Instead of the existing payout schedule, I think it would be much simpler to return 80% of the revenues to the lower 80% of households (AGI $75,000 single taxpayers; AGI $112,000 head of household; and AGI of $150,000 for joint filers) in equal shares for adults and give half shares to minors. The remaining 20% of tax revenues could go into the general fund. In addition, so that recipients of the current barrel tax retain their funding, it would be easier to make the carbon tax an adder to the existing barrel tax. That is, the tax rates for the refined petroleum products in the table of the bill would be increased by $1.05/barrel.

Last, I would like to call your attention to potential errors, omissions, or inequities in the bill.

1) I assume you want the years in lines 15 and 16 on pg. 3 to be changed to 2022 and 2032, respectively.
2) The tax rates for gasoline ($8.22/barrel for a $40/MT tax) and diesel ($10.35/barrel for a $40/MT tax) are incorrect if one uses the EIA emission factors. The EIA has an emissions factor of 8.89 kg of CO2/gallon of gasoline and 10.16 kg CO2/gallon of diesel (see https://www.eia.gov/environment/emissions/co2_vol_mass.php). Therefore a carbon tax of $40/MT CO2 yields barrel taxes for gasoline and diesel of $14.94/barrel (8.89 kg/gal * 42gal/barrel * $40/MT CO2 1 MT/1000 kg) and $17.07/barrel (10.16 kg/gal * 42gal/barrel * $40/MT CO2 1 MT/1000 kg), respectively. Is the intention of the bill to make the total tax (barrel tax + fuel tax) on gasoline and diesel be $40/MT CO2? If so, this intention should be stated in the bill.
3) Why isn't the gas utility treated the same as the electric utilities? That is, shouldn't the PUC decide how much of the barrel tax the gas utility can pass on to customers just as bill requires of the PUC for the electric utilities?

Mahalo for your attention to my requests and points.

Kind regards,
Paul Bernstein, PhD.

TO: Representative Lowen and Members of the Energy & Environmental Protection Committee:

FROM: Charles Cox, Member of Citizen's Climate Lobby, Honolulu Chapter

SUBJECT: HB 1319 (2021), Relating to Carbon Pricing

Thank you for the opportunity to submit testimony in support of HB 1319 with amendments.

I strongly support increasing the tax on fossil fuels. This will have the effect of increasing fossil fuel prices, which will create an incentive for people to stop using these fuels, thereby reducing greenhouse gases. Economists around the world believe that this economic incentive is the best lever for reducing carbon emissions at the scale and speed that is necessary to control climate change.

A few years ago, Hawaii was a leader in beginning to address climate change concerns, but now we urgently need to take this serious step toward correcting what is perhaps the most serious threat to our civilization. Climate change has already begun to disrupt our lives and the science is clear that this will get very much worse, unless we quickly start to reduce greenhouse gasses.

The current bill would help avoid a revenue shortfall to fund various programs and some of the funds are to be returned to taxpayers to mitigate the financial effects on people. However, the tax may be considered regressive unless all of the revenue collected by the tax is returned to the taxpayers.

The Citizen's Climate Lobby has sponsored studies which have shown that all except the wealthiest citizens will actually make more money than they will spend for a carbon tax, when the funds are returned. The tax will create a powerful incentive to stop burning fossil fuels, but the dividend from this tax will help keep those of us who can least afford the tax from suffering.

Please modify this bill to return all of the revenue to the people. We need to stop the emissions now, while reducing inequities amongst our people.

Sincerely,

Charles E Cox

HB-1319
Submitted on: 2/7/2021 11:34:50 PM
Testimony for EEP on 2/9/2021 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Millicent Cox	Individual	Support	No

Comments:

Aloha,

I support HB1319 and would like to see amendments that would return the revenues from the tax collections to Hawaii residents, thereby mitigating the impact of the increased tax collections on the state's families.

Mahalo.

HB-1319
Submitted on: 2/8/2021 2:07:14 AM
Testimony for EEP on 2/9/2021 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Keith Neal	Individual	Support	No

Comments:

Submitted Testimony

HB 1319

Measure Title:	RELATING TO CARBON PRICING.
Report Title:	Environmental Response, Energy, and Food Security Tax; Carbon Emissions; Tax Credit

I strongly support HB 1319 as it increases tax on fossil fuels. This sends an unambiguous market signal to discourage fossil fuel use. HOWEVER, this bill needs to be amended to return the revenue generated by the tax to the residents of Hawaii in equal shares.

HB 1319 is worthy because:

- The tax will have the effect of increasing fossil fuel prices, which will shift people away from using fossil fuels.
- The tax will reduce the use of fossil fuels, which will reduce the emission of greenhouse gases and pollution
- A carbon fee offers the most cost-effective lever to reduce carbon emissions at the scale and speed that is necessary to control climate change.
- In 2011-2012 when gas prices rose to almost $5 per gallon, people reduced their consumption of gasoline and bus ridership increased.
- Hawaii must do more to control climate change and move to a 100% renewable energy economy.
- 25 countries have a carbon tax.

HB 1319 is **insufficient** because:

- For the great majority of families, the tax credit does not cover the tax burden. As the tax increases, families lose even more money.
- Working families and low-income families would be severely impacted.
- The Aloha United Way issued the ALICE report about families who are Asset Limited and Income Constrained, although Employed. Prior to Covid-19, 42% of Hawaii's families could not afford the necessities of life. That percentage has jumped up to 59%.
- The social equity of HB 1319 needs to be addressed so as not impose a regressive tax.
- The economic effects of Covid-19 are likely last for some extended time. Measures must be taken to ensure this doesn't exacerbate existing inequalities and add to their economic hardships that already exist.
- Instead of a tax credit, returning all of the tax revenue would benefit the majority of Hawaii's households, especially low-income families.
- Instead of a tax credit, a study shows that 99% of low-income families would benefit or break even if all of the tax revenue is returned to people, and 1% would experience only a minor loss.

3,500 U.S. economists, 45 Nobel Laureates in economics, and four former Chairs of the Federal Reserve have signed a statement in support of a carbon tax with all of the tax revenue returned to citizens in equal lump-sum payments.

Respectfully submitted,

Keith Neal

Waimea

HB-1319
Submitted on: 2/8/2021 7:51:07 AM
Testimony for EEP on 2/9/2021 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Jim Nicolow	Individual	Support	No

Comments:

The fossil fuel **tax aspect** of HB 1319 is worthy because:

· The tax will have the effect of increasing fossil fuel prices, which will shift people away from using fossil fuels.

· The tax will reduce the use of fossil fuels, which will reduce the emission of greenhouse gases.

· A carbon fee offers the most cost-effective lever to reduce carbon emissions at the scale and speed that is necessary to control climate change.

· In 2011-2012 when gas prices rose to almost $5 per gallon, people reduced their consumption of gasoline and bus ridership increased.

· Hawaii is not doing enough to control climate change.

· 25 countries have a carbon tax.

The refundable **tax credit** aspect of HB 1319 is **insufficient** because:

· For the great majority of families, the tax credit does not cover the tax burden. As the tax increases, families lose even more money.

· Working families and low-income families would be severely impacted.

· The Aloha United Way issued the ALICE report about families who are Asset Limited and Income Constrained, although Employed. Prior to Covid-19, 42% of Hawaii's families could not afford the necessities of life. That percentage has jumped up to 59%.

· Equity needs to be addressed.

· Covid-19 and its effect on the economy will likely last for a few years, so we must make sure this doesn't exacerbate existing inequalities, to emphasize their economic hardships that already exist.

· Instead of a tax credit, returning all of the tax revenue would benefit the majority of Hawaii’s households, especially low-income families.

· Instead of a tax credit, a study shows that 99% of low-income families would benefit or break even if all of the tax revenue is returned to people, and 1% would experience only a minor loss.

3,500 U.S. economists, 45 Nobel Laureates in economics, and four former Chairs of the Federal Reserve have signed a statement in support of a carbon tax with all of the tax revenue returned to citizens in equal lump-sum payments.

HR 1319

Aloha,

I strongly support H$ the fossil fuel tax, but with an **amendment** that returns all of the revenue generated by the tax to the people of Hawaii.

HB 1319 increases the tax on fossil fuels. The tax revenue funds government programs, some of which are environmental programs. To mitigate the financial effects on people, the bill creates a refundable tax credit for people in different tax categories earning certain amounts or less.
For people in all income groups, however, the tax credit does not cover the tax burden. Returning all of the tax revenue in equal shares to people would benefit the majority because their share would be greater than their tax burden.

While the fossil fuel **tax aspect** of HB 1319 is worthy ,the refundable **tax credit** aspect of HB 1319 is **insufficient** because:

- For the great majority of families, the tax credit does not cover the tax burden. As the tax increases, families lose even more money.
- Working families and low-income families would be severely impacted.
- The Aloha United Way issued the ALICE report about families who are Asset Limited and Income Constrained, although Employed. Prior to Covid-19, 42% of Hawaii's families could not afford the necessities of life. That percentage has jumped up to 59%.
- Equity needs to be addressed.
- Covid-19 and its effect on the economy will likely last for a few years, so we must make sure this doesn't exacerbate existing inequalities, to emphasize their economic hardships that already exist.
- Instead of a tax credit, returning all of the tax revenue would benefit the majority of Hawaii's households, especially low-income families.
- Instead of a tax credit, a study shows that 99% of low-income families would benefit or break even if all of the tax revenue is returned to people, and 1% would experience only a minor loss.

3,500 U.S. economists, 45 Nobel Laureates in economics, and four former Chairs of the Federal Reserve have signed a statement in support of a carbon tax with all of the tax revenue returned to citizens in equal lump-sum payments.

Thank you for the considering this amendment to make HR1319 truly impactful and socially equitable.

Helen Cox
Kalaheo, HI

HB-1319
Submitted on: 2/8/2021 8:20:13 AM
Testimony for EEP on 2/9/2021 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Susan Gorman-Chang	Individual	Support	No

Comments:

Mahalo Representative Lowen, and co-sponsors, for introducing HB 1319 and for the members of the Energy & Environmental Protection Committee for hearing the bill. It is time to put a price on carbon, and this is one area where 3,500 Economists including 28 Nobel Laureates, along with Elon Musk, Bill Gates and numerous members of environmental groups such as Faith Action for Community Equity and Citizens Climate Lobby Honolulu Chapter agree. Few, if any, issue solutions are agreed upon by such a diverse electorate. We must have a tax or a fee on carbon to quickly and effectively reduce greenhouse gas emissions and mitigate climate change. This is but one step we need to take, but it is a powerful one.

Hawaii can lead the way for a carbon tax, just as we led the way by being the first state to set a goal of 100% renewable energy by 2045. More than a dozen states followed suit, as well as Puerto Rico and Washington D.C.

Putting a tax on carbon will also serve as a behavioral nudge to get people to change their energy consumption habits. For example, statistics from the Department of Business, Economic Development and Tourism Hawaii reveal that when gas prices increased to nearly $5 a gallon here in 2011/2012, that bus ridership also increased by the same trajectory. Thus, price does drive consumer behavior.

Hawaii is also the state of Aloha, and caring for each other is part of our culture. The Covid-19 epidemic and subsequent economic collapse has hit most folks in Hawaii hard, and giving this carbon tax money back to people would ease some of that economic pain. I would like to see the carbon tax proposed in HB 1319 be returned *entirely* to Hawaii residents either through a tax credit or better yet a direct payment. A direct payment in the same year fossil fuel interests pass the costs onto consumers would allow households to offset these costs immediately rather than waiting until they file their tax return in the following year.

In addition, since in HB 1319 the carbon tax increases each year, I would like to see the direct payment or tax credit increase each year, so that the additional costs passed through by fossil fuel companies does not hurt our Hawaii residents, especially those in the lower income brackets.

Again, mahalo for HB 1319 for putting a price on carbon. This will cause a decrease in the use of fossil fuels and thus we can do our part to mitigate global warming. Those least responsible for, and least able to afford, the harmful effects of global warming are the same people who will be impacted the most by climate change, including many folks living on islands here in the South Pacific, including Marshall Islands, American Samoa & Tonga. Global warming and air pollution from fossil fuel are Environmental Justice issues, which can be mitigated by HB 1319. To fully mitigate the Economic Justice component, I request we return all the carbon tax received back to residents of Hawaii.

Susan Gorman-Chang

HB-1319
Submitted on: 2/8/2021 8:21:51 AM
Testimony for EEP on 2/9/2021 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Gary Miller	Individual	Support	No

Comments:

I believe this is a good bill and I support it.

I recommend that it should be amended to state that all the tax collected be returned to Hawaii residents after operating costs have been covered.

Much Mahalo,

Gary Miller

HB-1319
Submitted on: 2/8/2021 8:22:49 AM
Testimony for EEP on 2/9/2021 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
John Latkiewicz	Individual	Support	No

Comments:

I am submitting this testimony on SB1319. **I am extremely worried about the impact of CO_2 (and other greenhouse gases) and their impact on the environment and, frankly, on the survival of humanity. I have 8 grandchildren, ages 1 to 7. Their future hangs in the balance along with that of all future generations. For that reason, I am wholeheartedly in support of Hawaii SB 1319.**

Carbon pricing stands to actualy impact consumer behaior and puts maket forces in pay as it relates to fossil fuel companies.

I would request that the bill be amended so that all fees generated be returned to users with priority being given to low income families.

Thanks yoy for you attention.

LATE

HB-1319
Submitted on: 2/8/2021 11:37:54 AM
Testimony for EEP on 2/9/2021 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Jeff	Individual	Support	No

Comments:

Aloha: I am writing to ask you to support HB 1319 and other bills which will create a "carbon Cashback" Program for Hawaii, a Carbon Dividend Program, or another carbon reduction program which will install a "fee" on carbon based fuel sales. Most important, this "fee" should go to a trust which will pay every Hawaii citizen who files a Hawaii State Income Tax.

We here in Hawaii are already eperiencing climate change related damages. Reducing our use of carbon based fuels is an important element in our program to reduce atmospheric CO2.

I am writiing as a private citizen and a volunteer member of the Maui Chapter of Citizens Climate Lobby.

LATE

HB-1319
Submitted on: 2/8/2021 12:58:26 PM
Testimony for EEP on 2/9/2021 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Hilary Parkinson	Individual	Support	No

Comments:

As a tiny island in the middle of the Pacific, no state should be doing more to address climate change than Hawaii. What should be done to address climate change? Studies by economists and nobel laureates show that a carbon tax is the best way to get the reduction in fossil fuel use that we need. Yet this bill is even better than a tax, it's a dividend, so it won't be hurting the most vulnerable among Hawaii residents. Hawaii can become the first state in the nation to implement a fee on carbon fuels with the dividends returned to Hawaii residents, potentially stimulating the economy. It sounds too good to be true, but it's not. Please support this bill. Hawaii can be the example the rest of the nation needs and then follows. We owe it to ourselves and future generations to support this bill.

LATE

HB-1319
Submitted on: 2/8/2021 1:09:00 PM
Testimony for EEP on 2/9/2021 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Conner Higashino	Individual	Support	No

Comments:

Carbon taxing is one of the best strategies to mitigate emissions. In our ever warming world, we need to use every tool available to us. Additionally, the tax credit ensures that those with lower incomes are affected less by this carbon tax.

LATE

HB-1319
Submitted on: 2/8/2021 2:08:08 PM
Testimony for EEP on 2/9/2021 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Raelyn Reyno Yeomans	Individual	Support	No

Comments:

Support.

LATE *Testimony submitted late may not be considered by the Committee for decision making purposes.

HB-1319
Submitted on: 2/9/2021 9:11:33 AM
Testimony for EEP on 2/9/2021 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Malia Ellis	Individual	Support	No

Comments:

I support SB1319 to create a more sustainable Hawaiʻi.

Sincerely,

Malia Ellis