



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
KA 'OIHANA O KA LOIO KUHINA
THIRTY-SECOND LEGISLATURE, 2023**

ON THE FOLLOWING MEASURE:
H.B. NO. 1146, RELATING TO TAXATION.

BEFORE THE:
HOUSE COMMITTEE ON ENERGY AND ENVIRONMENTAL PROTECTION

DATE: Tuesday, February 7, 2023 **TIME:** 8:45 a.m.

LOCATION: State Capitol, Room 325

TESTIFIER(S): Anne E. Lopez, Attorney General, or
Laura Maeshiro, Deputy Attorney General

Chair Lowen and Members of the Committee:

The Department of the Attorney General offers the following comments.

The purpose of this bill is to establish a carbon emissions tax credit through a carbon cashback program. This sets a carbon tax on fossil fuels and returns an equivalent amount of the money generated by the carbon tax, less administrative costs, to Hawaii residents. Page 8, line 20, to page 9, line 3. The carbon cashback program would provide a refundable tax credit or cash payment. Page 9, lines 1-2.

Under the bill, a "qualified taxpayer" eligible to claim the refundable tax credit is defined, in part, as a "resident taxpayer" who files a tax return. Page 13, lines 15 to 19. The tax credit will be available to resident taxpayers, but not to similarly situated nonresident taxpayers.

This bill may be subject to challenge under the Privileges and Immunities Clause of the United States Constitution, which provides that "[t]he 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).

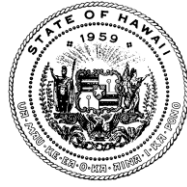
The stated reason in the bill for the tax credit is to reduce the consumption of fossil fuels, thus reducing carbon emissions for a more sustainable environment and reducing local air pollution (page 1, lines 1-7), which may be subject to challenge. It is also unclear in the bill how the difference in treatment bears a substantial relationship to the State's objective.

We suggest amending the definition of "qualified taxpayer" on page 13, lines 15 to 19, by (1) removing the word "resident" from the definition of "qualified taxpayer," and (2) removing the various income tax filing status, as it is not needed. The amended wording would read as follows:

"Qualified taxpayer" means a taxpayer who files an individual income tax return.

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. Alternatively, if it is the Legislature's intent that only Hawaii residents should be eligible for this tax credit, we recommend providing more information in the preamble to provide a substantial justification for treating residents and nonresidents differently and explain how the different treatment bears substantial relationship to the Legislature's objective.

Thank you for the opportunity to provide comments.



STATE OF HAWAII
DEPARTMENT OF HEALTH
KA 'OIHANA OLAKINO
P. O. BOX 3378
HONOLULU, HI 96801-3378

In reply, please refer to:
File:

**Testimony COMMENTING on HB 1146
COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION**

REPRESENTATIVE NICOLE E. LOWEN, CHAIR
HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION
Hearing Date: 2/7/2023 Room Number: 325

1 **Fiscal Implications:** This measure will impact the priorities identified in the Governor's
2 Executive Budget Request for the Department of Health's (Department) appropriations and
3 personnel priorities.

4 **Department Testimony:** HB1146 seeks to amend the environmental response, energy, and food
5 security tax by adding carbon emissions as a component and creating a carbon tax with specific
6 tax rates for the various petroleum products in order to reduce fossil fuel consumption.

7 The Department supports the intent to minimize fossil fuel consumption and greenhouse gases;
8 however, we are concerned that the measure reduces the 5 cents per barrel allocation to the
9 Environmental Response Revolving Fund (ERRF) from the current ceiling amount of \$1,250,000
10 to \$1,116,000. The Department relies on these funds to effectively carry out its mission of
11 protecting human health and the environment. The legislative intent of the ERRF focuses on the
12 removal, remediation and detection of oil and pollutant or contaminant releases; and the removal
13 and remediation of hazardous wastes and any other solid, liquid, or gaseous substance that may
14 harm the environment. The ERRF is utilized when department staff respond to petroleum,
15 hazardous materials, and other environmental releases. It pays for contract services to the
16 University of Hawaii for sampling and analysis and contract services for the clean-up and
17 removal of oil and hazardous waste. Notable examples using the ERRF include petroleum spills
18 from vessels and stationary devices, unexploded ordnances (UXO's), response to the Red Hill
19 petroleum contamination, contamination of the drinking water supply from Red Hill, and the
20 recent diesel spill from the Maui Space Surveillance Complex at Haleakala. The fund also

- 1 covers operational expenses of the emergency response staff such as travel, purchase and
- 2 maintenance of highly technical and sensitive equipment and personal protective equipment. Any
- 3 reduction in the funding amount will negatively impact our operations and capabilities.
- 4
- 5 Thank you for the opportunity to testify on this measure.

JOSH GREEN M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR
Choose an item.



STATE OF HAWAII
DEPARTMENT OF TAXATION
Ka 'Oihana 'Auhau
P.O. BOX 259
HONOLULU, HAWAII 96809
PHONE NO: (808) 587-1540
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GARY S. SUGANUMA
DIRECTOR

KRISTEN M.R. SAKAMOTO
DEPUTY DIRECTOR

**TESTIMONY OF
GARY S. SUGANUMA, DIRECTOR OF TAXATION**

TESTIMONY ON THE FOLLOWING MEASURE:

H.B. No. 1146, Relating to Taxation

BEFORE THE:

House Committee on Energy & Environmental Protection

DATE: Tuesday, February 7, 2023

TIME: 8:45 a.m.

LOCATION: State Capitol, Room 325

Chair Lowen, Vice-Chair Cochran, and Members of the Committee:

The Department of Taxation ("Department") offers the following comments regarding H.B. 1146 for your consideration.

Section 2 of H.B. 1146 on page 9 of the bill adds a new section to chapter 235, Hawaii Revised Statutes (HRS), to create a new refundable income tax credit for each qualified taxpayer subject to the income tax. For 2024, the tax credit is \$65 for single and married filing separate filers; \$65 for head of household; and \$130 for joint filers or surviving spouse; and \$30 for a dependent who is a minor. The amount of the credit increases annually by specified increments through 2036.

Section 5 on page 15 of the measure amends section 243-3.5 by imposing the environmental response, energy, and food security tax, renamed as the environmental response, energy, carbon emissions, and food security (EECF) tax, at various rates on 10 different types of petroleum products, in lieu of the existing single rate, and at various rates on two different types of fossil fuels, in lieu of the existing single rate. The rates increase annually by specified increments through 2036.

This measure is effective upon approval, with the new credit in section 2 and the expansion of the EECF tax in section 5 applying to taxable years beginning after December 31, 2023.

First, the Department recommends making the proposed tax credit in section 2 nonrefundable, as refundable credits are more prone to fraudulent claims.

Second, the Department notes that creating 12 new rate categories to replace the existing rates for the barrel tax and fossil fuel tax will require significant resources to implement the form and system changes and to maintain the system. The Department recommends that, in lieu of creating 12 new rate categories, the existing framework (one rate for the barrel tax rate and one rate for the fossil fuel tax) is maintained, and that increases are made to these two rates.

Third, if the intent of the bill is that the tax credits in section 2 of the bill will be paid for by the increased revenue from the tax increases in section 5 of the bill, the Department recommends staggering the effective dates such that section 2 will go into effect one year after section 5 goes into effect. Based on the foregoing, the Department requests that the effective date of the bill is amended such that section 5 becomes effective on January 1, 2025 and section 2 applies to taxable years beginning after December 31, 2025.

Thank you for the opportunity to provide comments on this measure.



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

Co-Chairs:
Chair, DLNR
Director, OPSD

Commissioners:
Chair, Senate AEN
Chair, Senate WTL
Chair, House EEP
Chair, House WAL
Chairperson, HTA
Chairperson, DOA
CEO, OHA
Chairperson, DHHL
Director, DBEDT
Director, DOT
Director, DOH
Chairperson, DOE
Director, C+C DPP
Director, Maui DP
Director, Hawai'i DP
Director, Kaua'i DP
The Adjutant General
Manager, CZM

**Testimony of
Leah Laramee
Coordinator, Hawai'i Climate Change Mitigation and Adaptation Commission**

**Before the House Committee on
ENERGY & ENVIRONMENTAL PROTECTION**

**Tuesday, February 7, 2023
8:45 AM
State Capitol, Conference Room 325 & Videoconference**

**In consideration of
HOUSE BILL 1146
RELATING TO TAXATION**

House Bill 1146 establishes a carbon emissions tax credit, and expands the environmental response, energy, and food security tax to include carbon emissions. Applies to taxable years beginning after 12/31/2023. Requires the Office of Planning and Sustainable Development, in consultation with the Department of Taxation, to recommend updates to the tax per fuel and corresponding tax credits. **The Climate Change Mitigation and Adaptation Commission (Commission) supports this bill.**

The Hawai'i Climate Change Mitigation and Adaptation Commission consists of a multi-jurisdictional effort between 20 different departments, committees, and counties. The Commission believes that putting a price on carbon is the most effective single action that will achieve Hawai'i'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 Hawai'i's *Transportation Energy Analysis (2015)*.¹ 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.

That said the importance of this measure is that it addresses the inequity of climate change, which disproportionately impacts low income and people of color, by providing a climate equity payout. While this bill does establish a tax, under this bill, for low to middle income families the amount that they would receive from the climate equity payout would typically be more than the amount they would need to pay for the tax.

To minimize the impacts on low to middle income families, the Commission respectfully suggests that the payout be given out the tax year BEFORE the tax goes into effect as to provide these families with a cushion and eliminate the need for them to pay out of pocket.

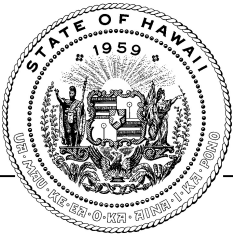
Jurisdictions worried about what effects carbon pricing has on their economies look again to British Columbia. According to a Nicholas Institute 2015 paper:¹¹

- 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

Climate change impacts are being felt in Hawai'i 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 Hawai'i. Putting a structure in place now would not only acknowledge the deep crisis that we are in, but take effective action to address the crisis, and make things right for those who need it most, especially post-pandemic.

Mahalo for the opportunity to testify in support of this measure.



**STATE OF HAWAII
OFFICE OF PLANNING
& SUSTAINABLE DEVELOPMENT**

JOSH GREEN, M.D.
GOVERNOR

SCOTT J. GLENN
DIRECTOR

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Mailing Address: P.O. Box 2359, Honolulu, Hawai'i 96804

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Statement of
SCOTT GLENN
Director, Office of Planning and Sustainable Development
before the
HOUSE COMMITTEE ON ENERGY AND ENVIRONMENTAL PROTECTION
Tuesday, February 7, 2023, 8:45 AM
State Capitol, Conference Room 325

in consideration of
HB 1146
RELATING TO TAXATION.

Chair Lowen, Vice Chair Cochran, and Members of the House Committee on Energy and Environmental Protection:

The Office of Planning and Sustainable Development (OPSD) offers the following **comments** on HB 1146, which establishes a carbon emissions tax credit. Expands the environmental response, energy, and food security tax to include carbon emissions. Applies to taxable years beginning after 12/31/2023. Requires the Office of Planning and Sustainable Development (OPSD), in consultation with the Department of Taxation, to recommend updates to the tax per fuel and corresponding tax credits.

The OPSD is supportive of action to address climate change. While the OPSD has responsibility for sustainability and climate adaptation planning and coordination, the OPSD does not have the in-house expertise to evaluate taxes per fuel and corresponding tax credits. Executing this responsibility would require staffing or procuring services in years 2031-2032 to have sufficient resources and time to prepare the report and potential legislative recommendations. The OPSD defers to the appropriate agencies for the legal and administrative aspects of this measure.

Thank you for the opportunity to testify on this measure.

HB-1146

Submitted on: 2/2/2023 7:27:21 PM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Steve Parsons	Small Biz	Support	Written Testimony Only

Comments:

Aloha Trusted Hawaii Lawmakers!

Please vote YES on this Carbon Cash Back. We must accelarate our efforts to slow the Massive Problems Manmade Climate Change is causing! Act Boldly to reduce the Climate Pollution that's Killing us and the precious spicies we share thsi planet with! Lastly, this BILL the NUMBER ONE PRIORITY for many environmental groups including Kauai Climate Action Coalition. Make this one happen. PLEASE!

Imua>>>

Steve Parsons, Hanapepe HI, Kauai Climate Action Coalition, Kaaui EV, Tesla Owners Club
Kauai Chapter Director

HB-1146

Submitted on: 2/3/2023 9:17:05 AM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Kelly King	Pacific Biodiesel Technologies	Support	Written Testimony Only

Comments:

- [Urgent effective action on climate change is needed to maintain the livability of our planet.](#)
- [Carbon cashback benefits low- and middle-income households.](#)
- [Carbon cashback delivers emission reductions consistent with Hawai‘i’s goals.](#)
- [Carbon cashback strengthens and complements other emission reductions programs.](#)
- [Carbon cashback is good for the economy.](#)
- [Carbon cashback is easy to implement because](#) it uses existing administrative mechanisms.
- [Carbon pricing is efficient—it would pay for itself and not grow the government](#) (Carbon Cashback is revenue neutral).
- [Carbon pricing has been successful elsewhere.](#)
- [Carbon cashback brings along visitors to be part of the solution.](#)
- [Carbon pricing is effective and has broad support.](#)
- [Carbon cashback implements a top recommendation of Hawai‘i’s 2020-2022 Tax Review Commission.](#)

HB-1146

Submitted on: 2/3/2023 10:27:49 AM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Cynthia Conrad	Cynthia Conrad Design	Support	Written Testimony Only

Comments:

Regarding Bills HB1146 and HB1498 and SB1060 and SB1004: Please give the Carbon Cashback bills a yes vote so we can reach our emission reduction goals and make sure it doesn't hurt the pocketbooks of our low- and middle-income residents.

Urgent effective action on climate change is needed to maintain the livability of our planet.

Carbon pricing is efficient, it would pay for itself and not grow the government, plus, it's easy to implement because it uses existing administrative mechanisms.

Please support Carbon Cashback, an effective plan that has broad support.

HB-1146

Submitted on: 2/4/2023 10:22:48 AM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Helen Cox	Kaua`i Climate Action Coalition	Support	Written Testimony Only

Comments:

I am writing on behalf of the Kaua`i Climate Action Coalition (KCAC), a group of nearly 150 island residents who are committed to addressing and mitigating the climate crisis through education, policy, and direct action. **KCAC strongly support HB 1146** because it will reduce carbon emissions by placing a tax on companies that import fossil fuels into Hawai‘i and use the tax revenues to fund a rebate that will be distributed to Hawai‘i residents in equal shares.

The carbon tax reduces emissions by incentivizing businesses and individuals to use less fossil fuel, which is warming the Earth and creating climate havoc globally. The rebate is the same for everyone, regardless of income, which makes the bill progressive. Most families will experience a net financial gain because their rebate will be larger than the higher prices they will pay for fossil fuels. Low-income families will experience a more substantial gain than high-income families because they use less fossil fuel.

The bill is revenue neutral because the rebate is funded by the carbon tax on importers, which also pays for administrative costs. Hawai‘i must take a multi-pronged approach to do its part to reduce emissions, and this bill works with all other efforts to do so.

The World Bank asserts that carbon pricing is the most effective way to reduce climate pollution, and thousands of economists, including twenty-eight Nobel Laureate economists, four former Chairs of the Federal Reserve, and fifteen former Chairs of the Council of Economic Advisors (see <https://www.econstatement.org/>), have said that "a carbon tax offers the most cost-effective lever to reduce carbon emissions at the scale and speed that is necessary." The Group of 20 (G20), which includes the United States, the European Union, China, and India, representing ninety per cent of the world’s economy, encourages the appropriate use of carbon pricing when used among a wide set of tools to control climate change.

It is clear that the threat of climate change is upon us now. If we are to maintain the livability of our planet for ourselves, our keiki, our mo`opuni, and the diversity of life, we need urgent, effective action. As a former chancellor of Kaua`i Community College I can assert that our young people are deeply concerned and distressed about their future. HB1146 is a critical step in that direction. Please support HB1146. Mahalo.

Helen Cox, Chair, Kaua`i Climate Action Coalition

HB-1146

Submitted on: 2/4/2023 8:07:43 PM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
laurel brier	Kauai women's caucus	Support	Written Testimony Only

Comments:

Carbon cashback has shown to be effective elsewhere in reducing the use of fossil fuel which is essential in addressing the climate crisis. This bill is designed to be socially equitable and benefit low and moderate income people. It's an important step in the right direction and should be quite doable by using existing administrative procedures.



AMERICANS FOR DEMOCRATIC ACTION

OFFICERS

John Bickel, President
Alan Burdick, Vice President
Doug Pyle, Secretary

Melodie Aduja
Keola Akana
Juliet Begley
Stephanie Fitzpatrick

DIRECTORS

Jan Lubin
Shannon Matson
Jenny Nomura
Stephen O'Harrow

MAILING ADDRESS

P.O. Box 23404
Honolulu
Hawaii 96823

February 5, 2023

TO: Chair Lowen & Members of the EEP Committee

RE: HB 1146 Relating to Taxation

Support for a hearing on Feb. 7

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 1146 as it would reduce carbon emissions by placing a tax on companies that import fossil fuels into Hawai'i and use the tax revenues to fund a rebate that will be distributed to Hawai'i residents in equal shares. It gives an incentive to use less fossil fuel. The rebate is the same for everyone, regardless of income, which makes the bill progressive. We expect low-income families will experience a greater gain than high-income families because they use less fossil fuel. The bill is revenue neutral because the rebate is funded by the carbon tax on importers, which also pays for administrative costs. We like the multi-pronged approach to reduce emissions and protect our environment.

Thank you for your consideration.

Sincerely,

John Bickel, President



Email: communications@ulupono.com

HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION
Tuesday, February 7, 2023 — 8:45 a.m.

Ulupono Initiative supports HB 1146, Relating to Taxation.

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 Hawai'i-focused impact investment firm that strives to improve the 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 choices, and better management of freshwater resources.

Ulupono supports HB 1146, which establishes a Carbon Emissions Tax Credit; expands the Environmental Response, Energy, and Food Security Tax to include carbon emissions; and requires the Office of Planning and Sustainable Development, in consultation with the Department of Taxation, to recommend updates to the tax per fuel and corresponding tax credits.

To avoid the worst impacts of climate change, significant reductions in greenhouse gas emissions are necessary. A recent report from the Intergovernmental Panel on Climate Change (IPCC) finds that carbon dioxide (CO₂) emissions would need to fall by about 45% from 2010 levels by 2030 to limit warming to 1.5 degrees Celsius.¹ A carbon cashback program can be an effective tool to reduce greenhouse gas emissions while not financially burdening most households.

Research conducted by the Institute for Sustainability and Resilience, and the University of Hawai'i Economic Research Organization (UHERO), further supports the viability of this concept as an emissions reduction measure, estimating a 13% reduction in statewide emissions with the lower-priced pathway. They also noted that, unlike most taxes, it was possible to implement this program in a way that all households in Hawai'i, on average, would benefit economically. This is made possible by our visitors paying into the program, but only our residents can receive the cashback.

Additionally, in December 2021, the Hawai'i Tax Review Commission in its 2020-2022 report to the Legislature also recommended that Hawai'i employ a carbon cashback program to encourage clean energy development and improve most households' economic

¹[Summary for Policymakers of IPCC Special Report on Global Warming of 1.5 degrees Celsius approved by governments](#), October 8, 2018.

welfare in the process. With lower-income households expected to experience net economic benefits greater than those of higher-income households, this is a progressive measure that will disincentivize the use of fossil fuels while simultaneously helping the households that need it the most.

While the research offers many insights and a better understanding of the potential impacts of such a program, unfortunately, to our knowledge, the data is unavailable to really understand the likely negative impacts to local industries (particularly non-service industries that compete against imports that are produced or manufactured without a carbon tax). Furthermore, assessing any proportional impact to neighbor island communities is also challenging. Although an improved understanding of these issues would be ideal, we still believe that the estimated benefits outweigh all likely negative impacts. Quite frankly, time is short and action across the globe is needed. If passed in this form, Ulupono believes this measure will provide many transformative environmental, economic and equity benefits.

However, Ulupono recommends the Legislature look to the recommendations proposed by the Hawai'i Tax Review Commission in its 2020-2022 report, specifically:

- (1) Maintain an 80/20 percent split between the tax revenues for households and the general fund. The committee should also consider adopting the recommendation to earmark the 20% for helping stakeholders address specific challenges of implementing this program. These funds could be used to mitigate the impacts to local industries, such as local farmers and other smaller businesses.
- (2) Earlier review and adjustment to ensure outcomes are on track. The 2020-2022 Tax Review Commission's follow-up research on the carbon cashback program found equity enhancing benefits for low- to moderate-income residents so long as at least 80% of the funds raised were distributed in equal shares back to households. This bill instead offers fixed dollar tax credits per year. These amounts may turn out to be significantly more or less than the researched 80% of carbon tax proceeds (returned to tax payers) threshold. As such, we would recommend that these amounts be reviewed earlier than the proposed 2037 date and adjusted to stay at least approximately on track with the 80% return threshold. An adjustment at least every 5 years would seem prudent.

Thank you for the opportunity to testify.

Respectfully,

Micah Munekata
Director of Government Affairs

HB-1146

Submitted on: 2/5/2023 10:32:00 AM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Toby S Hazel	Citizens Climate Lobby	Support	Written Testimony Only

Comments:

Stop this stupid climate change in all ways possible.



February 7, 2023

**TESTIMONY BEFORE THE HOUSE COMMITTEE ON FINANCE
ON HB 1146 RELATING TO TAXATION**

Aloha Chair Lowen, and committee members. I am Gareth Sakakida Managing Director of the Hawaii Transportation Association (HTA) with over 350 members involved with the commercial ground transportation industry.

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

While it is laudable that this bill seeks to minimize the fuel tax related impact on families, it does not shield them from retailers' increased prices factored by increased transportation costs. We transport everything our residents and visitors consume, and increasing our fuel related costs only means increasing the cost of everything.

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. 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.

This is why we enthusiastically support House Bill 199.

But, obtaining the vehicle is just the first step as a refueling infrastructure needs to be installed. One cannot go to the neighborhood gas station to refuel with hydrogen, natural gas, or electricity. The vast majority of commercial fleets do not own the land they operate on so find loans and funding a fueling infrastructure nearly impossible when their long term operation on that piece of land is uncertain as every lease period expires.

Carbon pricing only serves to push abilities to fund conversions further down the road when these needed funds are siphoned off for higher fuel taxes and penalties.

Mahalo.



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. Elle Cochran, Vice Chair

DATE: Tuesday, February 7, 2023
TIME: 8:45 AM
ROOM: 345

HB 1146 RELATING TO (Carbon) TAXATION

OPPOSE

Aloha Chair Lowen, Vice Chair Cochran, 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 52 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.

Carbon taxes sound reasonable. But the analysis shows a far different picture. In contrast, renewable mandates actually work.

First, Hawai'i has a carbon tax. Most of the money is siphoned off to support non energy related issues: "The environmental response tax rate on each barrel of petroleum product was \$1.05... Revenues from the environmental response tax

were distributed as follows in FY 2020... the remainder (seventy cents) went to the General Fund.”¹

Second, imposing a new carbon tax on local production but not out-of-state production that is imported will encourage producers to leave the state.

Third, a carbon tax would increase the disadvantage of locally produced food as compared to imported food (where neither the embedded GHG nor the GHG from shipping the product to Hawaii is taxed).

Fourth, many countries that have imposed a carbon tax have also politically defined tree-based electricity to be carbon neutral, and many of these places have replaced coal-based electricity with tree-based electricity.

Burning trees produces higher GHG emissions/Megawatt-hour than burning any fossil fuel but countries “claim” they are solving the problem. Emissions continue to rise.

The proposed Hu Honua tree-burning power plant has higher projected GHG emissions than any existing or historic Hawaii fossil fuel power plant.

The UHERO Study sidesteps biofuel emissions: “Biofuel-specific issues should likely be addressed in policies and programs that would be complementary to the carbon tax.”²

Fifth, the UHERO Study did not address the fact that the greatest impact will be felt by those who must travel the furthest without adequate county mass transit systems. For example, Hawaii Island residents.

Sixth, carbon taxes are likely to be like marriage license fees, property taxes, and income taxes raise. These taxes raise funds but do not decrease activity.

¹ Department of Taxation Annual Report for FY 2020 Section 1.6 Fuel Tax at p. 16
<https://files.hawaii.gov/tax/stats/stats/annual/20annrpt.pdf>

² Hawai‘i Carbon Pricing Study Additional Scenarios & Administrative Considerations A Report to the State of Hawai‘i Tax Review Commission December 16, 2021 at fn 12 at p. 28
https://files.hawaii.gov/tax/stats/trc/docs2022/Appendix_A.pdf

Seventh, most global carbon taxes are so low as to not have any impact at all. “Only about one-fifth of global emissions are covered by pricing programs, and the global average price is only \$3 a ton.”³

Eighth, justice advocates favor equity-based renewable mandates that have effectively lowered fossil fuel use.⁴ Greenwashing fossil fuel companies and corporate economists favor new taxes.⁵

Mahalo

Henry Curtis
Executive Director

³ International Monetary Fund, September 2021
<https://www.imf.org/en/Publications/fandd/issues/2021/09/five-things-to-know-about-carbon-pricing-parry>

⁴ Carbon Taxes are opposed by Indigenous Environmental Network, Climate Justice Alliance, Food & Water Watch, Greenpeace USA, and Sinn Féin

⁵ Carbon Taxes are supported by ExxonMobil, Royal Dutch Shell, BP, and ConocoPhillips

Citizens' Climate Lobby Hawaii
hi.ccl.lobby@gmail.com



February 5, 2023

Strong Support for HB1146 Relating to Taxation (Carbon Cashback)

Dear Chair Lowen, Vice-Chair Cochran, and Members of the EEP Committee,

On behalf of the Citizens' Climate Lobby (CCL) Hawaii, I'm testifying in **STRONG SUPPORT for HB1146** which establishes a carbon emissions tax credit and expands the environmental response, energy, and food security tax to include carbon emissions.

CCL Hawaii is comprised of over 960 members in four chapters - Hawaii Island, Honolulu, Kauai, and Maui. We advocate for effective, efficient, and fair climate legislation.

CCL Hawaii supports HB1146 as it meets the requirements for effective climate action: it

- addresses a key root cause (emissions from burning fossil fuels),
- triggers a broad change in consumption habits to reduce fossil fuel dependence, and
- ensures a just transition for vulnerable members of our community.

Carbon pricing is an essential strategy in our climate change mitigation efforts. It is endorsed by thousands of economists, religious leaders, business groups, and government leaders. Globally, major governments have introduced carbon pricing [1].

Studies at the national [2] and local levels [3] have illustrated the efficacy of carbon pricing in reducing emissions. When coupled with a dividend – carbon tax revenue returned to households – the impact on our low-middle-income families is positive.

“Impose a carbon tax to incentivize moving away from carbon-based fuels and adopting clean energy. We recommend that the majority of the proceeds be rebated as a cashback to the residents of Hawai'i, with a disproportionate distribution to low-income households.” - 2020-2022

Hawaii Tax Commission

Pricing carbon pollution will allow us to include the true social costs of carbon emissions into fossil fuels. This will trigger changes in consumer and business behaviors that favor efficiency and clean and renewable solutions. The outcome is a step-change in collective habits that will help Hawaii reduce its dependency on fossil fuels, accelerate its transition to clean energy, and help create support for national carbon pricing.

Climate change is an existential threat that requires solutions on multiple fronts – emissions reduction, legacy carbon drawdown, and adaptation. The most impactful emissions reduction solution is pricing carbon and returning revenue to people. This is what HB1146 will accomplish.

Please support HB1146.

Respectfully,



Noel Morin

CCL Greater Pacific Northwest Regional Coordinator

Citizens' Climate Lobby (CCL) is a nonprofit, nonpartisan, grassroots advocacy organization focused on national policies to address climate change solutions. CCL Hawaii's 960 members are part of a 225,000+ global organization. For more information, visit citizensclimatelobby.org.

[1] Sweden introduced a price on carbon in 1991 and has the highest priced currently at \$139/tCO₂. Its economy has grown by 60% since the introduction, and its emissions have decreased by 25%.

<https://ourworldindata.org/carbon-pricing-popular>

[2] CCL Carbon Pricing studies. <https://citizensclimatelobby.org/carbon-pricing-studies/>

[3] The UHERO Carbon Pricing Assessment report in April 2021 confirmed the effectiveness of a carbon fee and dividend strategy. <https://energy.hawaii.gov/carbon-pricing-study>. A carbon pricing policy was a top recommendation by the Hawaii Tax Review Commission.

https://files.hawaii.gov/tax/stats/trc/docs2022/TRC_Report_2022.pdf



Aloha Chair Nicole Lowen, Vice-Chair Elle Cochran, Rep. Amy Perruso, Rep. Justin Woodson, Rep. Cedric Gates, Rep Kirstin Kahaloa, and Rep. Gene Ward,

The Carbon Cashback Task Force urges you to support Carbon Cashback in the 2023 legislative session

The Carbon Cashback Task Force is a task force of Hawaii Environmental Change Agents that is formed of dozens of dedicated volunteers who have spent countless hours over several years, striving to pass this legislation, for the environment, and for the financial well being of low to moderate income individuals.

Carbon Cashback will reduce carbon emissions while benefiting low- and middle-income households. It would assess a fee on fossil fuel distributors and return the revenues to Hawaii residents. Many studies have found this to be the most cost-effective way to reduce greenhouse gas emissions; at the same time, it would provide cash benefits directly to families most affected by rising inflation and climate impacts.

This carbon-pricing strategy has proven successful in British Columbia and other jurisdictions. In Hawaii, Carbon Cashback legislation passed the Senate in 2020 and a similar bill passed the House in 2022. This year, we ask for your support to get this measure passed through both the House and the Senate.



Carbon Cashback will:

Reduce Emissions

- Reduce Hawaii's carbon emissions by more than 10 percent.
- Complement and accelerate Hawaii's other climate strategies by encouraging businesses and consumers to make more fuel-efficient and cleaner choices.

Give Cash Back to Families

- The revenues would be distributed in equal shares to Hawaii residents as refundable tax credits, with each child eligible for half of an adult's share.
- When fully implemented, a typical household would receive about \$1,000 each year, and roughly \$100 dollars of additional expense, resulting in a net benefit of around \$900.

Benefit Low-Income Families the Most

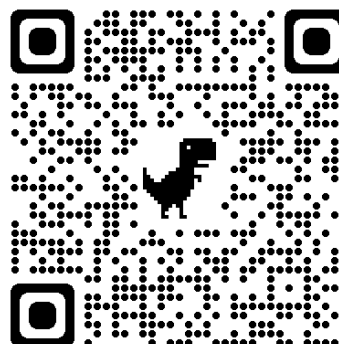
- The purchasing power of low- and middle-income households would **increase**, as their rebates would be greater than the increases in their fossil fuel costs.
- The 20 percent of households with the lowest incomes would, on average, achieve around **\$900** annual increase in purchasing power.



One-minute explanatory video from Faith Action

Ensure Visitors Participate

- Monies paid by visitors would contribute to the rebates received by Hawaii residents.



More information at citizensclimatelobbyhawaii.org/carbon-pricing-in-hawaii

Details

Cashback: The State Tax Department distributes the revenues in equal share to Hawaii residents as a refundable tax credit, with each child eligible for half of an adult's share.

- When fully implemented, an average household would receive about \$1,000 per year. Rebate amounts would also increase gradually through 2036.

Emission Reductions: The tax would reduce cumulative carbon emissions by over 10 percent.

- Carbon Cashback complements and accelerates Hawaii's other climate strategies by encouraging residents and businesses to make more fuel-efficient choices.

Carbon Cashback Impacts (\$2012)

	2026	2031	2036
Tax Amount (\$/MT CO₂ Eq.)¹	\$50	\$54	\$60
Revenues Generated (Million)	\$470	\$510	\$530
Average Household Rebate Amount	\$980	\$1,000	\$1,100

Source: University of Hawaii Economic Research Organization; Carbon Pricing Assessment for Hawaii Economic and Greenhouse Gas Impacts; April 23, 2021.

Carbon Cashback Helps Low Income Families the Most

¹ The barrel tax rate for each imported fuel type is adjusted to reflect each fuel's global warming potential (as determined by the Intergovernmental Panel on Climate Change), with carbon dioxide equivalents (CO₂ Eq.) being the common currency used for accounting purposes. For example, if Fuel Type A creates twice as much CO₂ per barrel as Fuel Type B, Fuel Type A's barrel tax rate would be twice that of Fuel Type B.

A [University of Hawaii Economic Research Organization \(UHERO\) study](#) funded by the Hawaii Legislature found that the proposed carbon cashback mechanism is progressive, and would increase the purchasing power of all but the most wealthy households:

- Carbon cashback is progressive because lower income households consume less energy, and their rebate therefore more than offsets fossil fuel cost increases. This differs from many other climate strategies that favor the wealthy, such as zero-emission vehicle rebates.
- All but the 20% of the wealthiest households would see a net financial gain, with the lowest income residents benefitting most. The 20% of households with the lowest income would, on average, achieve a \$900 annual increase in purchasing power (i.e., ~\$100 in increased costs offset by ~\$1,000 rebate).
- Low-income residents with long drives to work would still come out ahead, as higher fuel prices would be offset by the rebate.²
- Fossil fuel consumed by tourists are also taxed, with revenues distributed to Hawaii residents.
- **Purchasing Power:** Carbon Cashback would give low- and middle-income families more financial tools to deal with inflation. The UHERO study found that the rebate would more than offset any energy price increase for all but the most affluent households, with the average middle-income household gaining by \$500 annually the average low-income household gaining by \$900 annually.³

In reviewing these findings, the Hawaii Tax Review Commission (TRC) published a [report to the Legislature](#) in December 2021 that identifies a carbon tax and rebate mechanism as its number one recommendation “to address Hawaii’s changing conditions and emerging needs, including climate change, meeting future obligations, and increasing tax equity and transparency (TRC Report Executive Summary).”⁴

² Assuming the carbon tax is fully passed on to consumers, the price of gasoline would increase by \$0.55/gallon. \$900 in increased purchasing power could pay for the extra cost of 1,643 gallons of gasoline (\$900/\$0.55 per gallon ~ 1,600 gallons). A car achieving 25 miles per gallon could drive 40,000 miles on 1,600 gallons of gas (1,600 gallons x 25 miles per gallon = 40,000 miles). Over an assumed 250 commute days per year, someone could drive 80 miles each way (40,000 miles/250 days = 80 miles/day) and break even.

³ An average household is assumed to have two adults and one child. Larger households would get a larger rebate while a smaller households would get less.

⁴ The TRC report differs slightly from carbon cashback in that it recommends the highest quintile of income households not be eligible for a rebate, which provides higher rebates for the lowest four quintile households.



Citizens' Climate Lobby | Youth

Support of HB1146

Date: Feb. 5, 2023
To: EEP
From: Citizens' Climate Lobby, Hawai'i Youth Action Team
Re: **STRONG SUPPORT for HB1146** RELATING TO a Sustainable Economy
Hearing: Feb. 7, 2023, 8:45AM

The Youth Action Team of the Hawai'i Citizens' Climate Lobby, representing a large delegation of passionate high school students, **strongly supports** House Bill No. 1146, pertaining to Carbon Cashback.

HB1146 is a progressive bill that will tax fossil fuel corporations and compensate consumers, better enabling Hawai'i's transition to renewable energies, through an equitable and cost effective system. This bill is especially crucial in the eyes of the youth—the next generation whose present and future are dependent on the government, not only taking one step in the right direction, but carving a fully sustainable path to a livable future.

For the youth of Hawai'i, the climate crisis has found its way into nearly every aspect of our lives: the news, the classroom, and the conversations with friends and family. Along the shores of Oahu, invasive algae and foggy water are ailing our beautiful beaches. Throughout the Ala Wai, rising temperatures are fostering deadly, flesh-eating bacterial blooms that seep into nearby waters. Everyday, we see erosion eating away at the foundation of homes and our childhood beaches. We watch as coral bleaching destroys native environments and puts indigenous species at risk. With each consequence comes another lost experience, another disconnect from our past generations. With each sign of inaction, our future grows even more uncertain. **It is due time for action.**

Amidst these intensifying consequences, the need to address the neglected social costs of our current state of consumption becomes abundantly clear. HB1146 is *the* opportunity to remedy such a neglected system, while ensuring the protection and equity of households in Hawai'i.

On December 3rd, 2022, the Climate Future Forum at the Hawai'i State Capitol brought together 80 youth, educators, policymakers and nonprofits to evaluate and discuss our legislative climate priorities. Carbon cashback was one of the most widely supported policies at the event.

We must act now to save our future. Please pass HB1146—this will be how we set an example for both the state of Hawai'i and the rest of the nation.

Mahalo for this opportunity to testify.

Sincerely,
Citizens' Climate Lobby, Hawai'i Youth Action Team

February 5, 2023

Rep. Nicole E. Lowen, Chair
Rep. Elle Cochran, Vice Chair
Committee on Energy & Environmental Protection
Tuesday, February 7, 2023
8:45 A.M.
Via Videoconference



RE: **HB1146** Relating to Taxation (**Strong Support**)

Dear Chair Lowen, Vice Chair Cochran, and Members of the Committee,

The Chamber of Sustainable Commerce (CSC) testifies in strong support of HB1146, which establishes a carbon emissions tax credit and expands the environmental response, energy, and food security tax to include carbon emissions.

As business owners who believe we can strengthen our economy without hurting employees, consumers, communities or the environment, we urge this committee to pass HB1146. The carbon tax on carbon emitting fossil fuels will bring consumer pricing closer to what they would actually costs without \$662 billion in subsidies the United States provided in 2020. This would level out the playing field for alternative energy options.

Carbon taxes often disproportionately burden lower-income earners; however the tax credit structure included in this bill will offset this impact.

Hawaii Legislative Council	Maile Meyer Na Mea Hawaii Honolulu	Russel Rudderman Island Naturals Hilo / Kona	Tina Wildberger Kihei Ice Maui	Joell Edwards Wainiha Country Market Kauai	Kim Coco Iwamoto AQuA Rentals, LLC Honolulu
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HB 1146, RELATING TO TAXATION

FEBRUARY 7, 2021 · HOUSE ENERGY AND ENVIRONMENTAL PROTECTION COMMITTEE · CHAIR REP. NICOLE E. LOWEN

POSITION: Strong support.

RATIONALE: Imua Alliance **strongly supports** HB 1146, relating to taxation, which establishes a carbon emissions tax credit; expands the environmental response, energy, and food security tax to include carbon emissions; applies to taxable years beginning after 12/31/2023; and requires the Office of Planning and Sustainable Development, in consultation with the Department of Taxation, to recommend updates to the tax per fuel and corresponding tax credits.

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.

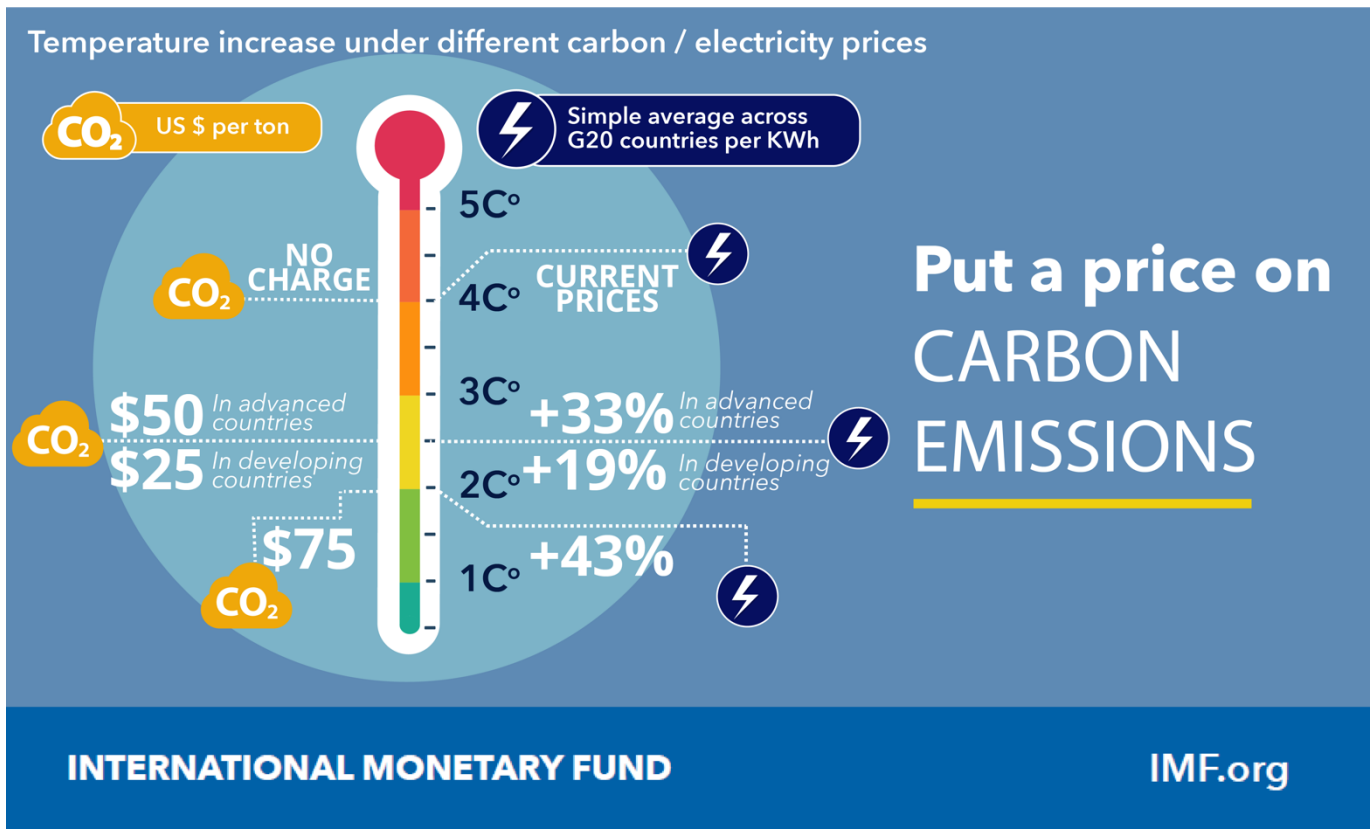
Furthermore, according to research conducted by Michael B. Gerrard from Columbia Law School, modern-day slavery tends to increase after natural disasters or conflicts where large numbers of people are displaced from their homes. In the decades to come, says Gerrard, **climate change**

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. This measure would offset a carbon tax's regressivity by instituting a dividend for taxpayers, which could amount to a credit of \$480 to \$960 at its height.



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. Other estimates have put that number closer to \$500 million depending on how the tax scheme is structured.

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 the preamble to this measure notes, dozens of eminent economists have endorsed a policy that taxes carbon and returns revenues, commonly known as dividends, to households. The University of Hawai'i Economic Research Organization (UHERO) conducted a study on a carbon tax that was released in April 2021 entitled, "Carbon Pricing Assessment for Hawai'i: Economic

and Greenhouse Gas Impacts". The study explored how a carbon tax and dividend policy would affect Hawai'i and found that it would substantially reduce the consumption of fossil fuels while financially benefiting most Hawai'i households. Low-income households would experience the greatest financial benefit.

To date, over 3,600 economists had signed a statement on carbon dividends endorsing a carbon tax, including twenty-eight Nobel Laureate economists, four former Chairs of the Federal Reserve, and fifteen former Chairs of the Council of Economic Advisors. The statement reads, in part: "A carbon tax offers the most cost-effective lever to reduce carbon emissions at the scale and speed that is necessary." It goes on to say that the carbon tax should be increased until emission reduction goals are met...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."

More than forty countries have adopted a carbon tax or other carbon pricing policy, and even more are considering it. The World Bank asserts that "carbon pricing is the most effective way to reduce emissions, and all jurisdictions must go further and faster in using carbon pricing policies as part of their climate policy packages." The level of pricing is key, and according to the World Bank, fossil fuels must be priced between \$50 and \$100 per ton of carbon dioxide emissions in the next few years to put the world on the path to achieving the goals of the Paris Agreement

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.

**Testimony of The Nature Conservancy
Supporting HB 1146, Relating to Taxation**

**Committee on Energy and Environmental Protection
February 7, 2023, 8:45 am
Conference Room 325 via Videoconference**

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

The Nature Conservancy (TNC) supports HB 1146, Relating to Taxation, which would establish a refundable income tax credit to mitigate the effect of a carbon emissions tax on taxpayers. The bill would also amend the environmental response, energy, and food security tax to address carbon emissions.

TNC supports putting a price on carbon pollution to make a significant contribution to addressing the challenge of climate change. Economists overwhelmingly agree that the market-based approach embodied in the legislation will achieve emissions reductions in the most efficient and lowest cost way possible. The economic impacts on families and individuals of the carbon price would be mitigated by the refundable income tax credit.

TNC works to protect and manage the natural systems that sequester carbon, provide our fresh water, and protect our coastlines; all of which reduce the impacts of climate change. However, to fully address the growing impacts of our changing climate, we need bold action. Nature can play a huge role in pulling carbon out of the atmosphere, but it needs policies like a carbon price to also ensure that emissions are reduced.

Mahalo for the opportunity to provide testimony on HB 1146.

The Nature Conservancy of Hawai'i and Palmyra is a non-profit organization dedicated to the preservation of the lands and waters upon which all life depends. The Conservancy has helped protect more than 200,000 acres of natural lands in Hawai'i and Palmyra Atoll. We manage 40,000 acres in 13 nature preserves and work in over 50 coastal communities to help protect and restore the nearshore reefs and fisheries of the main Hawaiian Islands. We forge partnerships with government, private parties, and communities to protect forests and coral reefs for their ecological values and for the many benefits they provide to people.

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February 7, 2023

8:45 a.m.

Conference Room 325 and Videoconference

To: House Committee on Energy & Environmental Protection

Rep. Nicole E. Lowen, Chair

Rep. Elle Cochran, Vice Chair

From: Grassroot Institute of Hawaii

Ted Kefalas, Director of Strategic Campaigns

RE: HB1146 — RELATING TO TAXATION

Comments Only

Dear Chair and Committee Members:

The Grassroot Institute of Hawaii would like to offer its comments on [HB1146](#), which would create a refundable income tax credit in the attempt to offset a proposed massive increase in the tax on petroleum products and fossil fuels.

If enacted, this bill also would create an income tax credit that would gradually increase from \$65 for single taxpayers and \$130 for those filing jointly in 2024 to \$480 or \$960 plus an additional child credit of \$240 in 2036 and beyond.

This tax credit is meant to offset a proposed increase in Hawaii's existing barrel tax from \$1.05 currently to between \$3.78 and \$6.46, depending on the type of fuel, by 2024. Gasoline would be taxed at \$5.27 a barrel.

By 2036, the barrel tax would range from \$21.84 to \$42.25, depending on fuel type. The gasoline tax in 2036 would be \$33.16 a barrel.

Energy taxes also would be increased, from the current 19 cents per 1 million BTUs to \$1.29 for coal and 80 cents for natural gas in 2024. By 2036, that tax would be \$8.54 for coal and \$4.80 for natural gas.

The proposal outlined in this bill appears to be based on the faulty idea that it is possible to reimburse Hawaii residents for the economic impact of a massive tax hike — as though taxes were simply a question of money-in, money-out, with the state government operating as a type of bank. However, such an approach deeply underestimates the impact of tax hikes, especially energy tax increases, on the economy as a whole.

Despite the tax refund included in the proposal, this bill would absolutely raise the cost of living in Hawaii. This bill is, in fact, a continuation of the policy of social planning-via-taxation that has helped make Hawaii one of the most expensive states in the nation.

Higher fuel taxes definitely would make it harder for businesses to survive, which could discourage business investment and rebound on Hawaii employment. Many Hawaii companies are still struggling from the effects of the COVID-19 lockdowns, and now we are in an inflationary environment that is further making it hard to make ends meet.

Hawaii residents in general are beset with taxes, bearing the [second-highest overall tax burden](#) in the U.S. That high tax burden contributes to Hawaii's cost of living and is one of the reasons Hawaii's population has been declining every year for the past six years. The last thing Hawaii residents and businesses need at this point is a tax hike.

In addition, the state is projected to have a \$10 billion budget surplus by FY2027, so lawmakers cannot claim they "need" this extra revenue.

If members of this committee are looking for reasons to object to this proposed massive tax hike, Here are a just a few:

>> Hawaii is predicted to enter an economic slowdown later this year.¹ Tax hikes might only exacerbate this slowdown, since entrepreneurs will be less likely to want to invest their capital — or "wealth assets," as the case may be.²

>> Hawaii has a progressive income tax that taxes high-income earners at 11%, second only to California at 13.3%.³ Hawaii's top 1% already pays 24.9% of all income taxes in the state,⁴ and everyone earning more than \$100,000 — equal to 17% of all Hawaii taxpayers — are paying 67% of the total.⁵

>> The continuing exodus of Hawaii residents due to the state's high cost of living has been leaving those who have stayed with a higher tax burden. Washington, Nevada, Texas and Florida — four of the top five destinations for Hawaii residents moving to the mainland — do not have income taxes.⁶

¹ Annalisa Burgos, "[Experts: Hawaii's economy poised to slow down 'significantly,' but stop short of recession](#)," Hawaii News Now, Jan. 22, 2023.

² Aaron Hedlund, "[How Do Taxes Affect Entrepreneurship, Innovation, and Productivity?](#)" Center for Growth and Opportunity at Utah State University, Dec. 23, 2019; Ergete Ferede, "[The Effects on Entrepreneurship of Increasing Provincial Top Personal Income Tax Rates in Canada](#)," Fraser Institute, July 10, 2018; Robert Carroll, Douglas Holtz-Eakin, Mark Rider and Harvey S. Rosen, "[Personal Income Taxes and the Growth of Small Firms](#)," National Bureau of Economic Research, October 2000.

³ Timothy Vermeer and Katherine Loughead, "[State Individual Income Tax Rates and Brackets for 2022](#)," Tax Foundation, Feb. 15, 2022.

⁴ "[Hawaii Individual Income Tax Statistics: Tax Year 2020](#)," Hawaii Department of Taxation, Sept. 29, 2022, Table 13A.

⁵ "[Hawaii Individual Income Tax Statistics](#)," Hawaii Department of Taxation, Sept. 2022, p. 44.

⁶ Katherine Loughead, "[How Do Taxes Affect Interstate Migration?](#)" Tax Foundation, Oct. 11, 2022.

>> State lawmakers increased taxes and fees substantially following the Great Recession of 2007-2008,⁷ despite a windfall in revenues from an economic boom during the previous decade. Taxes and fees ballooned on motor vehicles, transient accommodations, estates, fuel, food, wealthy incomes, property, parking and businesses.

In sum, it cannot be understated how much of an impact this bill, if enacted, would have on Hawaii's cost of living — a difference that cannot be captured in a simple tax refund.

Every business, from doctor offices to grocery stores, will have to account for the higher energy costs and fuel costs, translating into higher transportation and delivery costs, that will result from this tax. Those costs will become part of their overhead and force them to raise prices accordingly.

Even if Hawaii residents could trust that the refund would not be canceled, or that the tax would not go even higher, the refunds proposed in this bill would never come close to undoing the economic damage that its tax hikes would do to our state economy.

We hear a lot about helping lower income families, but this bill seems designed to make Hawaii even more unaffordable. If enacted, it would cause more businesses to close and more locals to leave Hawaii.

If policymakers are serious about helping working families, they should abandon the high-tax approach that has already established Hawaii as the state with the highest cost of living.

Instead, they should focus on lowering those costs by reducing income taxes, creating an exemption to the general excise tax for groceries and medical services, lowering fees and reducing regulations that limit opportunities and stifle economic growth.

Thank you for the opportunity to submit our comments.

Sincerely,

Ted Kefalas
Director of Strategic Campaigns
Grassroot Institute of Hawaii

⁷ ["Tax Acts \(by Year\),"](#) Tax Foundation of Hawaii, accessed Jan. 30, 2023.

HB-1146

Submitted on: 2/6/2023 10:17:41 PM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Albert Perez	Maui Tomorrow Foundation, Inc.	Support	Written Testimony Only

Comments:

HB1146 would reduce carbon emissions by placing a tax on companies that import fossil fuels into Hawaii, and would use the tax revenues to fund a rebate that would be distributed to Hawaii residents in equal shares. Consumers would thus be shielded from any resulting increase in costs. This type of carbon fee and dividend program has wide support, and is much more likely to reduce fossil fuel use than a carbon pricing program without a rebate. Fossil fuel polluters would no longer be able to externalize the costs of their pollution. This market-based approach could both address the scale of the pollution problem and support consumers during the economic transition, using existing administrative mechanisms. I urge you to support this bill.

HB-1146

Submitted on: 2/1/2023 10:59:11 AM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Douglas Perrine	Individual	Support	Written Testimony Only

Comments:

I support HB1146

HB-1146

Submitted on: 2/1/2023 12:56:25 PM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Victor K. Ramos	Individual	Oppose	Written Testimony Only

Comments:

OPPOSE:

HB-1146

Submitted on: 2/1/2023 1:04:31 PM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Barbara Best	Individual	Support	Written Testimony Only

Comments:

Carbon tax will reduce emissions to get us to our goals while helping HI families financially. It's a necessary tool to help with the climate crisis.

HB-1146

Submitted on: 2/1/2023 2:51:37 PM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
David Whitney	Individual	Support	Written Testimony Only

Comments:

Carbon cashback implements a top recommendation of Hawaii's 2020-2022 Tax Review Commission.

HB-1146

Submitted on: 2/1/2023 3:26:38 PM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Bobbi Misiti	Individual	Support	Written Testimony Only

Comments:

We need this reduction in emissions which will also help families financially.

HB-1146

Submitted on: 2/1/2023 4:47:29 PM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Caroline Azelski	Individual	Support	Written Testimony Only

Comments:

Stong support. Thank you.

HB-1146

Submitted on: 2/1/2023 4:53:56 PM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Susan Douglas	Individual	Support	Written Testimony Only

Comments:

We need this reduction in emissions to reach our goals while helping families financially.

HB-1146

Submitted on: 2/1/2023 7:38:30 PM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Ania	Individual	Support	Written Testimony Only

Comments:

I believe that HB 1146 will reduce carbon emissions by placing a tax on companies that import fossil fuels into Hawai'i and use the tax revenues to fund a rebate that will be distributed to Hawai'i residents in equal shares. Most families will experience a net financial gain because their rebate will be larger than the higher prices they will pay for fossil fuels. Low-income families will experience a more substantial gain than high-income families because they use less fossil fuel. The bill is revenue neutral because the rebate is funded by the carbon tax on importers, which also pays for administrative costs. Hawai'i must take a multi-pronged approach to do its part to reduce emissions, and this bill works with all other efforts to do so.

HB-1146

Submitted on: 2/1/2023 8:18:39 PM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Kevin Hagan	Individual	Support	Written Testimony Only

Comments:

I support HB 1146 because it will reduce carbon emissions by placing a tax on companies that import fossil fuels into Hawai'i and use the tax revenues to fund a rebate that will be distributed to Hawai'i residents in equal shares. The carbon tax employs economic theory to reduce emissions, which are warming the Earth and creating climate havoc globally. The rebate is the same for everyone, regardless of income, which makes the bill progressive. Most families will experience a net financial gain because their rebate will be larger than the higher prices they will pay for fossil fuels. Low-income families will experience a more substantial gain than high-income families because they use less fossil fuel. The bill is revenue neutral because the rebate is funded by the carbon tax on importers, which also pays for administrative costs. Hawai'i must take a multi-pronged approach to do its part to reduce emissions, and this bill works with all other efforts to do so.

HB-1146

Submitted on: 2/2/2023 7:52:54 AM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Steve Slater	Individual	Comments	Written Testimony Only

Comments:

I fully support HB1146, the Carbon Cashback bill. This is a huge step in reaching Hawaii's goal of net zero greenhouse gas emissions by 2050. If Hawaii enacts this legislation, it will be a signal to other states that this method is the best way to tax carbon and reduce heat-trapping, climate-changing gasses. Hawaii can lead the way. We must act now, in this decade, if we are to have any chance of preserving life on earth as we now enjoy it.

HB-1146

Submitted on: 2/2/2023 10:59:23 AM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Karen C Scott	Individual	Support	Written Testimony Only

Comments:

I support HB 1146 because it will reduce carbon emissions by placing a tax on companies that import fossil fuels into Hawai‘i and use the tax revenues to fund a rebate that will be distributed to Hawai‘i residents in equal shares. The carbon tax employs economic theory to reduce emissions, which are warming the Earth and creating climate havoc globally. The rebate is the same for everyone, regardless of income, which makes the bill progressive. Most families will experience a net financial gain because their rebate will be larger than the higher prices they will pay for fossil fuels. Low-income families will experience a more substantial gain than high-income families because they use less fossil fuel. The bill is revenue neutral because the rebate is funded by the carbon tax on importers, which also pays for administrative costs. Hawai‘i must take a multi-pronged approach to do its part to reduce emissions, and this bill works with all other efforts to do so.

HB-1146

Submitted on: 2/2/2023 12:38:59 PM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Nanea Lo	Individual	Support	Written Testimony Only

Comments:

Hello,

I strongly support HB 1146 because it will reduce carbon emissions by placing a tax on companies that import fossil fuels into Hawai‘i and use the tax revenues to fund a rebate that will be distributed to Hawai‘i residents in equal shares. The carbon tax reduces emissions by incentivizing businesses and individuals to use less fossil fuel, which is warming the Earth and creating climate havoc globally. The rebate is the same for everyone, regardless of income, which makes the bill progressive. Most families will experience a net financial gain because their rebate will be larger than the higher prices they will pay for fossil fuels. Low-income families will experience a more substantial gain than high-income families because they use less fossil fuel. The bill is revenue neutral because the rebate is funded by the carbon tax on importers, which also pays for administrative costs. Hawai‘i must take a multi-pronged approach to do its part to reduce emissions, and this bill works with all other efforts to do so.

me ke aloha ‘āina,

Nanea Lo

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 305

Honolulu, Hawaii 96813 Tel. 536-4587

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

BILL NUMBER: HB 1146, SB 1004

INTRODUCED BY: HB by MARTEN, AMATO, GANADEN, GATES, HUSSEY-BURDICK, KAPELA, LOWEN, MARTINEZ, PERRUSO, POEPOE, SAIKI, TAM, TARNAS, WOODSON; SB by RHOADS, CHANG, KEITH-AGARAN, KEOHOKALOLE, LEE, MCKELVEY, SHIMABUKURO

EXECUTIVE SUMMARY: Establishes a carbon emissions tax credit. Expands the environmental response, energy, and food security tax to include carbon emissions. Applies to taxable years beginning after 12/31/2023. Requires the Office of Planning and Sustainable Development, in consultation with the Department of Taxation, to recommend updates to the tax per fuel and corresponding tax credits.

SYNOPSIS: Adds a new section to chapter 235, HRS, granting a refundable tax credit to mitigate the effect of a carbon emissions tax on taxpayers.

For single taxpayers or married filing separately:		
Calendar Year	Credit Amount	Plus additional per minor child:
2024	\$ 65	\$ 30
2025	210	100
2026	360	180
2027	380	190
2028	420	201
2029-2032	440	220
2033	450	220
2034	460	230
2035	470	230
2036	480	240
For head of household:		
Calendar Year	Credit Amount	Plus additional per minor child:
2024	\$ 65	\$ 30
2025	210	100
2026	360	180
2027	380	190
2028	420	201

2029-2032	440	220
2033	450	220
2034	460	230
2035	470	230
2036	480	240
For married filing jointly or surviving spouse:		
Calendar Year	Credit Amount	Plus additional per minor child:
2024	\$ 130	\$ 30
2025	420	100
2026	720	180
2027	760	190
2028	850	201
2029-2032	880	220
2033	900	220
2034	920	230
2035	940	230
2036	960	240

Defines a qualified taxpayer eligible for the credit as a resident taxpayer who files an individual income tax return, whether as a single taxpayer, a head of household, a married individual filing a separate return, a married couple filing a joint return, or a surviving spouse.

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

Product	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Butane	\$4.26	\$10.86	\$17.73	\$18.40	\$19.09	\$19.81	\$20.55	\$21.30	\$22.08	\$22.89	\$23.72	\$24.57	\$25.44
Propane	\$3.80	\$9.46	\$15.35	\$15.93	\$16.52	\$17.14	\$17.77	\$18.42	\$19.09	\$19.78	\$20.49	\$21.22	\$21.97
Gasoline	\$5.27	\$13.96	\$23.00	\$23.89	\$24.80	\$25.74	\$26.71	\$27.71	\$28.74	\$29.80	\$30.88	\$32.01	\$33.16
Diesel	\$5.95	\$16.06	\$26.57	\$27.60	\$28.66	\$29.75	\$30.88	\$32.04	\$33.23	\$34.46	\$35.73	\$37.03	\$38.37
Kero-sene	\$5.93	\$15.97	\$26.42	\$27.44	\$28.50	\$29.58	\$30.70	\$31.86	\$33.04	\$34.27	\$35.53	\$36.82	\$38.15
Aviation gas	\$3.99	\$12.22	\$20.77	\$21.61	\$22.48	\$23.37	\$24.28	\$25.23	\$26.20	\$27.20	\$28.23	\$29.29	\$30.39
Jet fuel	\$4.68	\$14.33	\$24.37	\$25.35	\$26.37	\$27.41	\$28.49	\$29.60	\$30.74	\$31.91	\$33.12	\$34.37	\$35.65
No. 6 fuel oil	\$6.46	\$17.62	\$29.22	\$30.35	\$31.53	\$32.73	\$33.98	\$35.26	\$36.57	\$37.93	\$39.33	\$40.77	\$42.25
LP Gas	\$3.78	\$9.41	\$15.26	\$15.83	\$16.42	\$17.03	\$17.66	\$18.31	\$18.97	\$19.66	\$20.36	\$21.09	\$21.84
Other	\$5.99	\$16.18	\$26.76	\$27.80	\$28.87	\$29.98	\$31.11	\$32.28	\$33.48	\$34.72	\$36.00	\$37.31	\$38.66

Replaces the existing earmarks of taxes with the following (per fiscal year), with any excess going to the general fund:

- (1) \$1,116,000 to the environmental response revolving fund;
- (2) \$892,800 to the energy security special fund;
- (3) \$1,116,000 to the energy systems development special fund;
- (4) \$669,600 to the electric vehicle charging system subaccount;
- (5) \$669,600 to the hydrogen fueling system subaccount;
- (6) All taxes paid on gasoline or other aviation fuel sold for use in or used for airplanes shall be deposited in the airport revenue fund; and
- (7) All taxes paid on gasoline, diesel, or other fuel sold for use in or used for small boats shall be deposited in the boating special fund.

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

Fuel	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Coal (all forms)	\$1.29	\$3.55	\$5.90	\$6.13	\$6.37	\$6.61	\$6.87	\$7.13	\$7.39	\$7.67	\$7.95	\$8.24	\$8.54
Natural gas (including LNG)	\$0.80	\$2.04	\$3.34	\$3.47	\$3.60	\$3.73	\$3.87	\$4.02	\$4.16	\$4.31	\$4.47	\$4.63	\$4.80

Replaces the existing earmarks of taxes with the following (per fiscal year):

- (1) \$49,000 to the environmental response revolving fund;
- (2) \$147,000 to the energy security special fund; and
- (3) \$98,000 to the energy systems development special fund.

Deletes the current exemption for aviation fuel.

Makes technical and conforming amendments.

EFFECTIVE DATE: Taxable years beginning after December 31, 2023.

STAFF COMMENTS: Carbon Tax Generally: 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 “[I]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 CO₂ 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.

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.

Applicability of Tax to Aviation Fuel: There is an issue as to whether this tax as applied to aviation fuel would be preempted by federal law. The federal Anti-Head Tax Act, 49 U.S.C. § 40116, prohibits any tax, fee, or charge first taking effect after 1994 exclusively upon a business located at an airport unless the tax, fee, or charge is wholly utilized for airport or aeronautical purposes. 49 U.S.C. § 40116(d)(2)(A)(iv). Although the bill states that tax collected on aviation fuel is paid to the airport fund, there is an issue as to whether the “tax credit to mitigate the effect of a carbon emissions tax on taxpayers,” as the bill titles it, would be considered a use of the tax that is unrelated to airport purposes. This would be a question of federal, not state, law.

Digested: 2/1/2023

HB-1146

Submitted on: 2/2/2023 2:15:23 PM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Mary Lu Kelley	Individual	Support	Written Testimony Only

Comments:

Aloha,

I strongly support HB 1146 because I have learned that it will reduce carbon emissions by placing a tax on companies that import fossil fuels into Hawai‘i and use the tax revenues to fund a rebate that will be distributed to Hawai‘i residents in equal shares. The carbon tax reduces emissions by incentivizing businesses and individuals to use less fossil fuel, which is warming the Earth and creating climate havoc globally. The rebate is the same for everyone, regardless of income, which makes the bill progressive. Most families will experience a net financial gain because their rebate will be larger than the higher prices they will pay for fossil fuels. Low-income families will experience a more substantial gain than high-income families because they use less fossil fuel. The bill is revenue neutral because the rebate is funded by the carbon tax on importers, which also pays for administrative costs. Hawai‘i must take a multi-pronged approach to do its part to reduce emissions, and this bill works with all other efforts to do so.

This bill is very important to all of us in Hawaii. Points in favor of supporting this bill

1. [Urgent effective action on climate change is needed to maintain the livability of our planet](#)
2. [Carbon cashback benefits low- and middle-income households.](#)
3. [Carbon cashback delivers emission reductions consistent with Hawai‘i’s goals.](#)
4. [Carbon cashback strengthens and complements other emission reductions programs.](#)
5. [Carbon cashback is good for the economy.](#)
6. [Carbon cashback is easy to implement because](#) it uses existing administrative mechanisms.
7. [Carbon pricing is efficient—it would pay for itself and not grow the government](#) (Carbon Cashback is revenue neutral).
8. [Carbon pricing has been successful elsewhere.](#)
9. [Carbon cashback brings along visitors to be part of the solution.](#) 10. [Carbon pricing is effective and has broad support.](#)

10. [Carbon cashback implements a top recommendation of Hawai'i's 2020-2022 Tax Review Commission.](#)

Please please support this bill as it is so important will be so helpful to the land and people of Hawaii.

Sincerely with aloha.

HB-1146

Submitted on: 2/2/2023 2:36:40 PM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Jennifer Owen	Individual	Support	Written Testimony Only

Comments:

We need this reduction in emissions to reach our goals while helping families financially. This will benefit low and middle income families.

Carbon cashback implements a top recommendation of Hawaii's 2020-2022 Tax Review Commission. It has been successful elsewhere, it will be good for the economy, and it will pay for itself.

Urgent effective action on climate change is necessary to preserve the liveability of our planet.

HB-1146

Submitted on: 2/2/2023 2:51:38 PM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Ruta Jordans	Individual	Support	Written Testimony Only

Comments:

I strongly support HB 1146 because it will reduce carbon emissions by placing a tax on companies that import fossil fuels into Hawai‘i and use the tax revenues to fund a rebate that will be distributed to Hawai‘i residents in equal shares. The rebate is the same for everyone, regardless of income, which makes the bill progressive. Most families will experience a net financial gain because their rebate will be larger than the higher prices they will pay for fossil fuels. The bill is revenue neutral because the rebate is funded by the carbon tax on importers, which also pays for administrative costs. Hawai‘i must take a multi-pronged approach to do its part to reduce emissions, and this bill works with all other efforts to do so.

HB-1146

Submitted on: 2/2/2023 3:03:59 PM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Michael Golojuch Jr	Individual	Oppose	Remotely Via Zoom

Comments:

Aloha Representatives,

We already pay the barrel tax and this new tax will just be passed along to the consumers, which in turn will negatively impact the poor & middle class the most.

So for these reasons I ask that you hold this bill in committee.

Mahalo,

Michael J. Golojuch, Jr.

HB-1146

Submitted on: 2/2/2023 3:17:59 PM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Virginia Tincher	Individual	Support	Written Testimony Only

Comments:

Chair Lowen, Vice Chair Cochran and members of the Energy & Environmental Protection Committee,

Mahalo Chair Lowen and Committee members Gates, Perruso and Woodson for being among those who introduced HB1146 to price emissions and return the fee equally to Hawaii Residents

I see from all of your efforts to protect and improve the environment here in Hawaii that you have passed and are considering bills that move Hawaii forward in big ways and in important smaller ways to reduce our greenhouse gas emissions.

Carbon cash back is absolutely necessary to push our state towards carbon neutrality in an environmentally just manner.

As the impacts of climate change grow in intensity every year, it's well past time we take the necessary steps to reduce our carbon footprint. Please take advantage of this great responsibility you have to help future generations and pass HB1146

Virginia Tincher

Anina Haina, Oahu

Member of Citizens Climate Lobby Hawaii and Hawaii Environmental Change Agents (HECA)

Dear Hawai'i State Legislature,

I am in favor of passing HB1146. I believe that this bill is long overdue in attempting to decrease the emissions of carbon into our world's atmosphere. Large corporations, companies, and individuals throughout the world have ignored the warnings of knowledgeable scientists concerning global warming. The Earth's temperatures are climbing at an alarming rate. Species of life are becoming extinct as a result. It is time that we start taxing the producers of atmospheric carbon. Money talks in most cases of restricting greedy and thoughtless behavior. Plus the idea of giving cash rebates to those companies and individuals who significantly reduce or eliminate their carbon emissions, is a wonderful incentive to comply with the law.

This Bill has my complete Support.

Please pass this very necessary Bill and make it Law !

Sincerely,

Artie Parti, Waikapu, Hawai'i

HB-1146

Submitted on: 2/2/2023 3:43:47 PM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Christine Daleiden	Individual	Support	Written Testimony Only

Comments:

I strongly support HB 1146 because it will reduce carbon emissions by placing a tax on companies that import fossil fuels into Hawai'i and use the tax revenues to fund a rebate that will be distributed to Hawai'i residents in equal shares. The carbon tax reduces emissions by incentivizing businesses and individuals to use less fossil fuel, which is warming the Earth and creating climate havoc globally. The rebate is the same for everyone, regardless of income, which makes the bill progressive. Most families will experience a net financial gain because their rebate will be larger than the higher prices they will pay for fossil fuels. Low-income families will experience a more substantial gain than high-income families because they use less fossil fuel. The bill is revenue neutral because the rebate is funded by the carbon tax on importers, which also pays for administrative costs. Hawai'i must take a multi-pronged approach to do its part to reduce emissions, and this bill works with all other efforts to do so.

HB-1146

Submitted on: 2/2/2023 4:42:56 PM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Douglas Hagan	Individual	Oppose	Remotely Via Zoom

Comments:

Chair Lowen, Vice-Chair Cochran, members of the committee thank you for hearing the Carbon Cashback Bill. Thank you district 13 Representative Poepoe, Representative Amato and Representative Woodson for co-signing. Thank you Representative Cochran for your research and interest in Carbon Cashback. Thank you Representative Perruso and Representative Gates for co-introducing Carbon Pricing in the past years.

Re-iterating a few things - Carbon Cashback is revenue neutral. Carbon pricing has proven to reduce carbon emission Carbon pricing has NOT hurt the economy.

Folks might say, what's a few degrees over the next few decades, or they might say what about other countries. What about solar what about electric vehicles. Some of these questions are from climate deniers - in fact Yale University study says that 11% of Americans are climate deniers. We can and do have answers to these and other questions - carbon pricing works, other nations and states have implemented carbon pricing. Carbon Cashback will drive folks who can afford it to wind, photo-voltaic and electric vehicles.

A few degrees is a big deal. We go in the ocean, we feel the storms and the flooding. The trade winds have shifted. The coral is dying. There is silt and sludge where there used to be running water. Climate change is here.

I urge us all to address climate change with Carbon Cashback Legislation. it is good for people - lower and middle income folks. It is implemented inline with existing tax mechanism. It is the number one line item recommendation of the Tax Review Commission 2022 recommendation to the legislature. We are in a climate emergency as was declared by the Legislature.

Please act now.

HB-1146

Submitted on: 2/2/2023 5:05:27 PM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Melissa Barker	Individual	Support	Written Testimony Only

Comments:

Honorable Members,

I respectfully ask that you support HB1146, the Carbon Cashback bill which taxes importers fossil fuel to Hawaii and returns the tax revenues in rebate form to Hawaii residents.

Thank you for your consideration and attention.

Melissa Barker

Kapaa, HI

HB-1146

Submitted on: 2/2/2023 5:25:33 PM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Bonnie Marsh	Individual	Support	Written Testimony Only

Comments:

Please support this bill, it is a win win for the aina and the residents of Hawaii.

Mahalo Nui'

Dr. Bonnie Marsh

HB-1146

Submitted on: 2/2/2023 7:20:35 PM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Laurie Saarinen	Individual	Support	Written Testimony Only

Comments:

Dear Legislators, I support bill HB1146 establishing a carbon emissions tax credit. We need to do anything we can to help curb climate change. Mahalo for your efforts!

HB-1146

Submitted on: 2/2/2023 9:18:32 PM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Jaymen Laupola	Individual	Support	Written Testimony Only

Comments:

I strongly support HB 1146 because it will reduce carbon emissions by placing a tax on companies that import fossil fuels into Hawai'i and use the tax revenues to fund a rebate that will be distributed to Hawai'i residents in equal shares. The carbon tax reduces emissions by incentivizing businesses and individuals to use less fossil fuel, which is warming the Earth and creating climate havoc globally. The rebate is the same for everyone, regardless of income, which makes the bill progressive. Most families will experience a net financial gain because their rebate will be larger than the higher prices they will pay for fossil fuels. Low-income families will experience a more substantial gain than high-income families because they use less fossil fuel. The bill is revenue neutral because the rebate is funded by the carbon tax on importers, which also pays for administrative costs. Hawai'i must take a multi-pronged approach to do its part to reduce emissions, and this bill works with all other efforts to do so.

Thank you,
Jaymen

HB-1146

Submitted on: 2/3/2023 6:54:16 AM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Debra Pozin	Individual	Support	Written Testimony Only

Comments:

We need this reduction in emissions to reach our goals in Hawaii and also to help families financially. Hawaii is particularly vulnerable to emissions that degrade our sensitive ecosystem. Hawaii needs to show leadership in reducing emissions with a carbon tax.

HB-1146

Submitted on: 2/3/2023 7:33:33 AM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Sharon Geiken Westerberg	Individual	Support	Written Testimony Only

Comments:

Dear Honorable House Committee on Energy & Environmental Protection

I have been a resident on Kauai for the past 19 years and I support the Cash Back HB1146.

This bill is so important to continue Kauai's progress towards reducing carbon emissions in order to stabilize the warming of our earth. Our lives and future is at stake. I read that this method has been very effective such as in British Columbia and Sweden. Kauai is the leader of our nation and we can be proud.

Please vote to hear and pass bill HB1146...

In order to make this work the public needs to be convinced that this is a fair and trust worthy measure. This is a fare progressive program that will reward the low and middle income population by using less carbon fuel. It is important to issue well publicized paper check rather than a tax credit or bank account credit. as voters need to know that it benefits them. It would build trust if the public is informed on how much it will cost and how much will they get back..

HB-1146

Submitted on: 2/3/2023 7:36:31 AM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Whitney Young	Individual	Support	Written Testimony Only

Comments:

Dear Honorable Legislators,

I am writing to express my support for HB 1146, the Carbon Cashback bill. As we all know, urgent action on climate change is critical to maintaining the livability of our planet. The Carbon Cashback bill is a powerful solution to this pressing issue.

The bill's approach of taxing importers of fossil fuels and returning the revenue to residents in equal shares is a smart and equitable way to reduce emissions while supporting low- and middle-income households. This policy will help Hawai'i reach its ambitious emission reduction goals in a meaningful and effective way.

Not only is the Carbon Cashback bill good for the environment, it also has numerous economic benefits. By using existing administrative mechanisms, it is easy to implement and would pay for itself. Furthermore, it has been proven that carbon pricing is an efficient and effective way to reduce emissions, and has already been successful in other areas.

I also appreciate that the Carbon Cashback bill includes visitors in the solution by bringing them along in the process. This is a great way to create a more sustainable future for everyone.

Finally, I would like to emphasize that the Carbon Cashback bill implements a top recommendation of Hawai'i's 2020-2022 Tax Review Commission. This is further evidence of the bill's sound policy and broad support.

In conclusion, I strongly urge you to support HB 1146 and help bring about a cleaner, healthier, and more prosperous future for all Hawaiians.

Thank you for your consideration.

HB-1146

Submitted on: 2/3/2023 8:01:40 AM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Alana Freitas	Individual	Support	Written Testimony Only

Comments:

I strongly support HB 1146 because it will reduce carbon emissions by placing a tax on companies that import fossil fuels into Hawai'i and use the tax revenues to fund a rebate that will be distributed to Hawai'i residents in equal shares. The carbon tax reduces emissions by incentivizing businesses and individuals to use less fossil fuel, which is warming the Earth and creating climate havoc globally. The rebate is the same for everyone, regardless of income, which makes the bill progressive. Most families will experience a net financial gain because their rebate will be larger than the higher prices they will pay for fossil fuels. Low-income families will experience a more substantial gain than high-income families because they use less fossil fuel. The bill is revenue neutral because the rebate is funded by the carbon tax on importers, which also pays for administrative costs. Hawai'i must take a multi-pronged approach to do its part to reduce emissions, and this bill works with all other efforts to do so.

HB-1146

Submitted on: 2/3/2023 8:44:26 AM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Roberta Baker	Individual	Support	Written Testimony Only

Comments:

Dear Chair Lowen, Vice Chair Cochran, and Members of the Energy & Environmental Protection Committee,

Thank you for hearing HB1146.

I strongly support HB1146. It will reduce carbon emissions by placing a tax on companies that import fossil fuels into Hawai'i. Then the tax revenues will be used to fund a tax rebate that will be distributed to Hawai'i residents in equal shares.

Carbon emissions are warming the Earth and creating climate havoc globally. HB1146 incentivizes businesses and individuals to use less fossil fuel.

The bill is revenue neutral because the rebate is funded by the carbon tax on importers, which also pays for administrative costs.

The rebate is the same for everyone, regardless of income, which makes the bill progressive. Most families will experience a net financial gain because their rebate will be larger than the higher prices they will pay for fossil fuels. Low-income families will experience a more substantial gain than high-income families because they use less fossil fuel.

We all must take a multi-pronged approach to do our part to reduce emissions. This bill works with all other efforts to do so.

Respectfully submitted, *Roberta Baker, Hilo Hawaii*

HB-1146

Submitted on: 2/3/2023 10:20:49 AM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Regina Gregory	Individual	Support	Written Testimony Only

Comments:

Please vote Yes on HB1146

HB-1146

Submitted on: 2/3/2023 10:47:56 AM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Kathleen Roberts	Individual	Support	Written Testimony Only

Comments:

We need this reduction in emissions to reach our goals while helping families financially.

HB-1146

Submitted on: 2/3/2023 11:00:54 AM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Linda Morgan	Individual	Support	Written Testimony Only

Comments:

Dear Chair Lowen, Vice Chair Cochran, and Members of the Energy & Environmental Protection Committee,

Thank you for hearing HB1146.

I strongly support HB1146 because it will reduce carbon emissions by placing a tax on companies that import fossil fuels into Hawai'i and use the tax revenues to fund a tax rebate that will be distributed to Hawai'i residents in equal shares. This bill will incentivize businesses and individuals to use less fossil fuel, which is warming the Earth and creating climate havoc globally.

The rebate is the same for everyone, regardless of income, which makes the bill fair and democratic. Most families will experience a net financial gain because their rebate will be larger than the higher prices they will pay for fossil fuels. Low-income families will experience a more substantial gain than high-income families because they use less fossil fuel. The bill is revenue neutral because the rebate is funded by the carbon tax on importers, which also pays for administrative costs.

Hawai'i must take a multi-pronged approach to do its part to reduce emissions. HB1146 works with all other efforts to do so.

Respectfully submitted,

Linda Morgan, PO Box 377406, Ocean View, HI 96737

HB-1146

Submitted on: 2/3/2023 11:10:30 AM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Andrew Crossland	Individual	Oppose	Written Testimony Only

Comments:

I strongly oppose this Bill.

HB-1146

Submitted on: 2/3/2023 1:26:21 PM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Barry Hyman	Individual	Support	Written Testimony Only

Comments:

I strongly support HB 1146 because it will reduce carbon emissions by placing a tax on companies that import fossil fuels into Hawai'i and use the tax revenues to fund a rebate that will be distributed to Hawai'i residents in equal shares. The carbon tax reduces emissions by incentivizing businesses and individuals to use less fossil fuel, which is warming the Earth and creating climate havoc globally. The rebate is the same for everyone, regardless of income, which makes the bill progressive. Most families will experience a net financial gain because their rebate will be larger than the higher prices they will pay for fossil fuels. Low-income families will experience a more substantial gain than high-income families because they use less fossil fuel. The bill is revenue neutral because the rebate is funded by the carbon tax on importers, which also pays for administrative costs. Hawai'i must take a multi-pronged approach to do its part to reduce emissions, and this bill works with all other efforts to do so.

HB-1146

Submitted on: 2/3/2023 2:37:35 PM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Thomas Graham	Individual	Support	Written Testimony Only

Comments:

Dear Chair Lowen, Vice Chair Cochran, and Committee Members,

HB 1146 is a critically important bill and I urge you to support it.

The increase in the barrel tax would **substantially reduce the use of fossil fuels in the State** and go a long way toward meeting Hawaii’s goal of becoming carbon neutral by 2045.

With most of the tax revenues going back to households in equal shares, and visitors to Hawaii contributing to those revenues, **most families in the State would actually come out ahead**, particularly those with lower incomes.

The bill would implement a **top recommendation of Hawaii’s 2020-2022 Tax Review Commission**: Enact a carbon tax that reflects the social cost of carbon, and return most of the proceeds to households.

Finally, this carbon cashback program **would not conflict with or complicate other actions** Hawaii can and should take to achieve its energy goals—it would actually support and complement them.

Thank you,

Thomas Graham

HB-11146

Submitted on: 2/3/2023 4:29 PM

Testimony for TOU on 2/7/2023 8:45 AM

Submitted by Organization Testifier Position Testify

Barry Solomon, PhD	Member, Maui County Climate Action Advisory Committee	Support	Written Testimony Only
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I strongly support the passage of HB1146, the carbon cashback bill, which would make Hawaii the first state in the United States to enact comprehensive carbon pricing (taxation) in order to eventually reach the necessary goal of carbon neutrality to help battle climate change and climate instability. While Hawaii already has enacted the first in the nation’s 100% renewable portfolio standard for the electric utility industry, to be met by 2045 (if not sooner), this bill would provide strong incentive to eventually eliminate the remaining oil usage in transportation and in other sectors. Importantly, the carbon cashback program would return the proceeds in equal amounts to all of Hawaii’s taxpayers to compensate them for higher oil prices, and thereby would be progressive in nature since lower income people use less energy than wealthier taxpayers and would come out ahead financially. A significant part of the financial burden would also fall onto out of state tourists. If there are equity concerns about people who do not file income tax returns missing out, they could file returns in order to take advantage of this program. This is a great program and a well thought out piece of legislation.

HB-1146

Submitted on: 2/3/2023 5:15:11 PM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Wyatt McHale	Individual	Support	Written Testimony Only

Comments:

To the Committee on Energy & Environmental Protection,

My name is Wyatt McHale. I am a student at UH Manoa and a lifelong resident of the North Shore of O‘ahu. I am testifying in support of House Bill No. 1146 which would establish a carbon tax on the import and production of fossil fuels in Hawai‘i. As a concerned resident, I strongly believe that this bill is necessary to protect the environment and reduce carbon emissions in Hawai‘i.

According to a study conducted by the University of Hawai‘i Economic Research Organization (UHERO), per capita, Hawai‘i emits greenhouse gasses at a rate more than twice the global average. Unchecked, greenhouse gas emissions will cause irreversible harm to Hawai‘i’s environment and natural resources. Economists generally agree that a carbon tax is the most cost-effective solution to reduce carbon emissions on a large scale. As the bill proposes, refundable tax credits will give businesses and individuals additional incentive to reduce their carbon footprint and invest in renewable and efficient energy sources.

Some residents may be worried that carbon pricing will negatively impact low-income residents and households. However, the UHERO study found that revenue generated from carbon pricing can be redistributed to Hawai‘i’s residents and households and would offset the imminent increase in fossil fuel prices.

Personally, I am willing to accept an increase in energy and fuel prices in coming years if it means there will be a shift away from non-renewable energy sources. Even without a carbon tax, prices of fossil fuels will rise in the near future as our planet's reserves continue to dwindle. Knowing this, I am voicing my support for House Bill No. 1146 and urging members of the Hawai‘i House of Representatives to do the same. This bill is an important step towards reducing Hawai‘i’s carbon footprint and a future of sustainability in the islands.

Thank you for your time and consideration.

HB-1146

Submitted on: 2/3/2023 5:35:36 PM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Conner Higashino	Individual	Support	Written Testimony Only

Comments:

I support HB 1146 because it will reduce carbon emissions by placing a tax on companies that import fossil fuels and use the tax revenues to fund a rebate that will be distributed to Hawai'i residents in equal shares. The carbon tax reduces emissions by incentivizing businesses and individuals to use less fossil fuel, which is warming the Earth and creating climate havoc globally. The rebate is the same for everyone, regardless of income, which makes the bill progressive. Most families will experience a net financial gain because their rebate will be larger than the higher prices they will pay for fossil fuels. Low-income families will experience a more substantial gain than high-income families because they use less fossil fuels. The bill is revenue neutral because the rebate is funded by the carbon tax on importers, which also pays for administrative costs. Hawai'i must take a multi-pronged approach to do its part to reduce emissions, and this bill works with all other efforts to do so.

HB-1146

Submitted on: 2/3/2023 6:06:22 PM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Keith Neal	Individual	Support	Written Testimony Only

Comments:

STRONG SUPPORT for HB1146

To: COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

Honorable committee members, Carbon Cashback implements a top recommendation of Hawai'i's 2020-2022 Tax Review Commission.

Most families will experience a net financial gain because their rebate will be larger than the higher prices they will pay for fossil fuels. Low-income families will experience a more substantial gain than high-income families because they use less fossil fuel. The bill is revenue neutral because the rebate is funded by the carbon tax on importers, which also pays for administrative costs. Hawai'i must pursue policies that are good for people and planet. This bill accomplishes these goals.

Respectfully submitted,

Keith Neal

Waimea

HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

Feb. 7, 2023 at 8:45 am

SUPPORTING HB 1146

My name is John Kawamoto, and I support HB 1146, the Carbon Cashback bill, because it will reduce greenhouse gas emissions in an equitable manner. This bill will place a tax on companies that import fossil fuels into Hawaii, and the tax revenues will be used to fund a rebate that will be distributed to Hawaii residents in equal shares. Most Hawaii families will experience a net financial gain, particularly low-income families.

The carbon tax will reduce the consumption of fossil fuels, and that will reduce greenhouse gas emissions that are warming the Earth and increasing the frequency and severity of climate disasters. The actions taken up until now to reduce emissions have been insufficient because the concentration of carbon dioxide in the atmosphere is steadily increasing. Climate scientists say that drastic action must be taken within the next decade to keep the Earth livable.

Carbon Cashback mitigates climate change in an equitable and progressive manner because the rebate is the same for everyone, regardless of income. Most families will experience a net financial gain because their rebate will be larger than the higher prices they will pay as a result of the carbon tax. Low-income families will experience the largest net financial gain because they use less fossil fuel than higher income families.

The bill is revenue neutral because the rebate is funded by the carbon tax on importers, which also pays for administrative costs. The bill minimizes administrative costs because it relies on existing tax mechanisms. The Environmental Response, Energy, and Food Security Tax will be used to assess the carbon tax. The State's existing refundable tax credit mechanism will be used to distribute the rebate.

The carbon fee and dividend model is working elsewhere, and it can work in Hawaii. In fact, Carbon Cashback will work with all other efforts to reduce greenhouse gas emissions to maintain a livable environment for ourselves and our children. Future generations are depending on us.

HB-1146

Submitted on: 2/3/2023 9:32:21 PM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Cheryl Ho	Individual	Support	Written Testimony Only

Comments:

Greetings, Rep. Lowen and Cochran, and Members of the Committee o Energy and Environmental Protection!

I strongly support HB 1146 because it will reduce carbon emissions by placing a tax on companies that import fossil fuels into Hawai‘i and use the tax revenues to fund a rebate that will be distributed to Hawai‘i residents in equal shares. The carbon tax reduces carbon emissions by incentivizing businesses and individuals to use less fossil fuel.

The rebate is the same for everyone, regardless of income. Low-income families will experience a more substantial gain than high-income families because they use less fossil fuel. The bill is revenue neutral because the rebate is funded by the carbon tax on importers, which also pays for administrative costs. Because it uses existing administrative mechanisms, it will be easy to implement. Refundable tax credits already exist and can be used to distribute the tax revenues to people in equal shares.

For the above reasons, I urge you to support HB 1146!

Mahalo!

Cheryl O. Ho, Nu‘uanu

HB-1146

Submitted on: 2/4/2023 7:14:25 AM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Susan Flatt	Individual	Support	Written Testimony Only

Comments:

I strongly support HB 1146 because it will reduce carbon emissions by placing a tax on companies that import fossil fuels into Hawai‘i and do irreparable harm to our environment. The burning of fossil fuels emits greenhouse gasses that cause storms, floods, heat waves, wildfires, and droughts to be increasingly frequent and extreme. This problem has become so severe that, according to the World Health Organization, by 2030, climate change will cause at least 250,000 deaths each year, simply due to the increased health risks of higher temperature, a number that would no doubt grow significantly larger when accounting for the weather anomalies caused by climate change such as storms, floods, and wildfires. It is our responsibility to future generations to take steps to address this issue, through whatever means available to us.

The tax on carbon emissions proposed in HB 1146 is consistent with the goal that Hawai‘i has already set to be carbon negative by 2045. The only way to accomplish this goal is to make significant changes and reduce emissions in all facets of life. According to the University of Hawai‘i Economic Research Organization, carbon cashback policies such as the one in HB 1146 would lead to a 10% reduction in cumulative emissions from 2025 to 2045, bringing us one step closer to Hawai‘i’s goal for emissions. The policy in HB 1146 would not only incentivize reductions in emissions, but it would also benefit low-income and middle-income families, by using the tax revenues collected to fund a rebate that will be distributed to Hawai‘i residents in equal shares. The rebate is the same for everyone, regardless of income, which makes the bill progressive. In other words, most families will experience a net financial gain because their rebate will be larger than the higher prices they will pay for fossil fuels, and low-income families will experience a more substantial gain than high-income families because they use less fossil fuels. Finally, the bill is revenue neutral because the rebate is funded by the carbon tax on importers, which also pays for administrative costs. Hawai‘i must take a multi-pronged approach to do its part to reduce emissions, and this bill is an important step in the right direction.

HB-1146

Submitted on: 2/4/2023 9:01:45 AM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
John P Gerry	Individual	Oppose	Written Testimony Only

Comments:

I do not support placing a tax on companies that import fossil fuels. The costs will just be passed on to consumers. A rebate scheme will just create bureaucracy and increase costs for all. To reduce carbon emissions:

We need a Hawaiian state tax credit or rebate for new electric vehicles

Increase gas tax

HB-1146

Submitted on: 2/4/2023 9:35:44 AM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
John Latkiewicz	Individual	Support	Written Testimony Only

Comments:

The climate crisis threatens life as we know it - wierd weather, mass extinctions, coastal erosion, etc, etc. A carbon pricing and dividend approach is a fantastic way of reducing carbon emmisions (and for that matter, allowing on-going sequestration of carbon) and providing dividends back to the residents of Hawaii. Please support HB 146.

HB-1146

Submitted on: 2/4/2023 1:55:58 PM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Gerard Silva	Individual	Oppose	Written Testimony Only

Comments:

There is NO CARBON EMISSIONS this all alot of BULL SHIT You the Government is just RIPPING the people of HAWAII OFF. STOP NOW BEFORE IT IS TO LATE. WE will not stand for this BULL SHIT ANY LONGER!!!!

HB-1146

Submitted on: 2/5/2023 2:33:31 AM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Molly Whiteley	Individual	Support	Written Testimony Only

Comments:

I Strongly Support Carbon Cashback as the most effective way to reduce carbon emissions significantly before it's too late. Mahalo.

HB-1146

Submitted on: 2/5/2023 4:30:47 AM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Logan Lee	Individual	Support	Written Testimony Only

Comments:

Aloha Chair Lowen, Vice Chair Cochran, and members of the Energy & Environmental Protection Committee:

Thank you for taking the time to consider this bill today. My name is Logan and I am a high school student from the island of Oahu. I strongly support HB 1146 because it will reduce carbon emissions by placing a tax on companies that import fossil fuels into Hawai‘i and use the tax revenues to fund a rebate that will be distributed to Hawai‘i residents in equal shares. Bills addressing climate change have always caught my attention; however, this bill is especially important to me because of its goal: reducing greenhouse gas emissions. Carbon emissions are the root of the problem affecting everyone on the globe today. In Hawaii, these effects are especially present— in our weather, in our oceans, all throughout our daily lives. Though I have only lived here for the 15 years of my life so far, some of which I cannot even remember, I notice the changes around our island. My life and culture are tied to this state and especially the uniqueness of our islands.

Unlike some places on the Mainland, our islands are not yet spoiled with pollution and effects of human choices. Many of our beaches, mountains, and nature still stand pristine and preserved. Not only does our state depend on these places for our economy, but they are a large part of our identities as Hawaiian citizens. We stand proudly beside our land and say, “This is our āina and we have taken care of it.” However, our use of fossil fuels has directly contradicted this effort. Every day longer we wait to implement legislation to prevent more greenhouse gases entering our atmosphere is another push we will need to make in the future and another puff of carbon emissions we cannot take back. Cutting the problem at the bud right now can help mitigate the effects in the future. Perhaps our future is already bleak, but passing this bill will brighten it. Please be the sun in the clouds that the citizens of Hawaii and the world need you to be.

HB-1146

Submitted on: 2/5/2023 8:43:53 AM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Ronald "Ron" Reilly	Individual	Support	Remotely Via Zoom

Comments:

Dear Chair Lowen and Members of the Energy & Environmental Protection Committee,

Thank you for hearing HB1146.

I support HB1146 because it will reduce carbon emissions, place a tax on companies that import fossil fuels into Hawai‘i, and benefit families through a annual refundable tax credit.

HB1146 is a progressive tax and will benefit low- and middle-income families the most, and be "like getting an extra pay check every year".

In addition to the positive aspects mentioned in SECTION 1 of HB1146, I would like to draw your attention to recent comments from the Intergovernmental Panel on Climate Change (IPCC) in its second installation of the Sixth Assessment Report (<https://www.ipcc.ch/report/ar6/wg2/>)

“Of the various mitigation strategies to reduce fossil fuel CO2 emissions, carbon taxes are the most powerful and efficient, because they allow firms and households to find the lowest-cost ways of reducing energy use and shifting toward cleaner alternatives.”

“Pricing of greenhouse gases, including carbon, is a crucial tool in any cost-effective climate change mitigation strategy, as it provides a mechanism for linking climate action to economic development.”

Thank you for your support of HB1146 and for ensuring that Hawaii plays its part to mitigate our global climate challenge.

Ron Reilly, Volcano Village, HI 96785

HB-1146

Submitted on: 2/5/2023 11:41:24 AM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Shannon Rudolph	Individual	Support	Written Testimony Only

Comments:

Support

**Testimony to the House Committee on Energy and Environmental Protection
Tuesday, February 7th, 2023 at 8:45am**

**Conference Room 325, State Capitol
RE: HB1146 Relating to Taxation**

Position: Strongly Support

Members of the Energy and Environmental Protection Committee:

Carbon pricing is the most effective measure to mitigate carbon emissions. It is widely implemented world wide amongst developed nations and has driven down emissions substantially. Hawaii has so far chosen not to participate in this climate saving mechanism and as a result is one of the world leaders in carbon emissions per capita and has carbon emissions that are rising.

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

Since carbon pricing is one of the most studied carbon mitigation policies, there is ample evidence for you to decide that this is the correct course of action. Hawaii's commission on climate change has [recommended](#) that you adopt a carbon pricing program. This is what the [carbon pricing study](#) that the legislature asked for recommended as well.

Not only is this policy the right decision for our environment, but it's also great tax policy. Carbon pricing is the number one [recommendation](#) of the Tax Review Commission.

Please take the advice of the climate change experts and pass this bill.

Mahalo,

Nate Hix
808.469.8740

HB-1146

Submitted on: 2/5/2023 12:00:30 PM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Paul Bernstein	Individual	Support	In Person

Comments:

Aloha Chair Lowen, Vice Chair Cochran, and Members of the EEP Committee:

Thank you for hearing HB1146. I'm writing in **strong support**. As a co-author of the carbon pricing studies submitted to the Hawaii State Energy Office (2021) and the Tax Review Commission (2022), I support the bill for the following reasons:

1. It is the most cost-effective policy to reduce carbon emissions as it corrects an existing market failure by internalizing the social cost of burning fossil fuels. It addresses carbon emissions in all sectors of the economy unlike a narrowly focused gasoline tax.
2. It is an "AND" policy when it comes to reducing emissions as it strengthens other environmental bills that passed out of this committee last week -- such as HB195 and HB654 -- because it makes using fossil fuels more expensive relative to clean energy. It also strengthens the existing RPS policy.
3. It is progressive. In general, it financially benefits low- and middle-income households. Benefiting the lowest income households the most with a gain of several hundred dollars a year. Again the cashback provision in the bill distinguishes it from the typical regressive energy taxes, such as a gasoline tax.
4. It addresses the environmental impacts of visitors and compensates residents. Visitors will pay the carbon tax just like the transient authority tax (TAT), and as a bonus, the carbon tax revenues will go to Hawaii residents.

As a parent, I would like to leave for my children a better, more livable planet. I see carbon pricing with the returning of revenues to residents as the most efficient, effective, and equitable path forward for a cleaner Hawaii and planet while also protecting the most vulnerable among us.

Please pass HB1146 out of your committee.

Mahalo nui loa,

Paul Bernstein

Co-author of the two UHERO studies on Carbon Pricing in Hawaii

- https://energy.hawaii.gov/wp-content/uploads/2021/04/HawaiiCarbonPricingStudy_Final_Apr2021.pdf
- https://files.hawaii.gov/tax/stats/trc/docs2022/Appendix_A.pdf

HB-1146

Submitted on: 2/5/2023 1:34:49 PM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Will Caron	Individual	Support	Written Testimony Only

Comments:

Assessing a tax on producers and importers of fossil fuels has been successful in countries around the world in reducing the consumption of fossil fuels. The effect of the tax, which is commonly known as a carbon price or carbon tax, has been to reduce the emission of greenhouse gases, leading to a more sustainable environment and reducing local air pollution.

The University of Hawai'i Economic Research Organization (UHERO) conducted a study on a carbon tax that was released in April 2021 entitled, "Carbon Pricing Assessment for Hawai'i: Economic and Greenhouse Gas Impacts." The study explored how a carbon tax and dividend policy would affect Hawai'i and found that it would substantially reduce the consumption of fossil fuels while financially benefiting most Hawai'i households. Because of the tax credit component, low-income households would receive more money back than they would end up spending to cover the cost of elevated energy prices, according to UHERO.

In Hawai'i, a carbon tax would very likely have the effect of raising the selling prices of fossil fuels. Such an increase would move fossil fuel prices closer to their true unsubsidized prices as the fossil fuel industry receives both direct and indirect subsidies. Fossil fuel prices do not include the social cost of degradation of the environment that results from the burning of fossil fuels and the resulting damage to human health and welfare.

We must end our use of fossil fuels as quickly as possible, and this bill offers a good pathway to accomplish that goal. Please pass HB1146.

HB-1146

Submitted on: 2/5/2023 1:41:38 PM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Eric Lindborg	Individual	Support	Written Testimony Only

Comments:

Dear Chair Lowen and Members of the Energy & Environmental Protection Committee,

I strongly support HB1146. There is ample economic theory as well as real-world evidence demonstrating the efficacy of a carbon tax to reduce carbon emissions, allowing market forces to determine best substitute sources for non-fossil-fuel energy.

As I understand the bill it will result in a net financial gain for most Hawaiian families and most low-income families will experience a more substantial gain than high-income families because they use less fossil fuel. TYhis is a progressive bill both in terms of policy vision but in terms of tax policy.

I see this measure as a key component in helping Hawaii attain its 2045 goal of net zero emissions. Let's present it to the public as a Carbon Fee and Rebate bill that will price fossil fuel in a way that captures its true cost to our communities. The time has come for talk to translate into action.

Hawaii has the opportunity to take national leadership in addressing climate change. Let's go for it!

Respectfully submitted,

Eric Lindborg MD

Kailua-Kona

HB-1146

Submitted on: 2/5/2023 3:11:10 PM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Ruth Robison	Individual	Support	Written Testimony Only

Comments:

Dear Members of the Energy & Environmental Protection Committee,

Thank you for hearing HB1146. I support this bill because it will reduce carbon emissions in Hawai`i by taxing companies that import fossil fuels. It will distribute those tax funds to Hawai`i's people to offset the increase in cost that the fossil fuel companies will pass on to consumers. Low-income families will benefit the most because they use less fossil fuel energy. Many economists favor this disincentive for fossil fuels because it will be simple to implement and effective in quickly reducing carbon emissions. We are running out of time and need this solution in addition to whatever else we can manage to do. Thank you for considering my testimony and for your service to the people of Hawai`i.

HB-1146

Submitted on: 2/5/2023 5:36:14 PM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Eileen Walko, MD	Individual	Support	Written Testimony Only

Comments:

Dear Chair Lowen, Vice Chair Cochran, and Members of the Energy & Environmental Protection Committee,

Thank you for hearing HB1146.

I strongly support HB1146 because it will reduce carbon emissions by placing a tax on companies that import fossil fuels into Hawai'i and use the tax revenues to fund a tax rebate that will be distributed to Hawai'i residents in equal shares.

The carbon tax reduces emissions by incentivizing businesses and individuals to use less fossil fuel, which is warming the Earth and creating climate havoc globally.

The rebate is the same for everyone, regardless of income, which makes the bill progressive. Most families will experience a net financial gain because their rebate will be larger than the higher prices they will pay for fossil fuels. Low-income families will experience a more substantial gain than high-income families because they use less fossil fuel. The bill is revenue neutral because the rebate is funded by the carbon tax on importers, which also pays for administrative costs.

Hawai'i must take a multi-pronged approach to do its part to reduce emissions, and this bill works with all other efforts to do so.

MAHALO , Dr. Eileen Walko HILO

HB-1146

Submitted on: 2/5/2023 6:44:41 PM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Millicent Cox	Individual	Support	Written Testimony Only

Comments:

I strongly support HB 1146 because it will reduce carbon emissions by placing a tax on companies that import fossil fuels into Hawai'i and use the tax revenues to fund a rebate that will be distributed to Hawai'i residents in equal shares. The carbon tax reduces emissions by incentivizing businesses and individuals to use less fossil fuel, which is warming the Earth and creating climate havoc globally. The rebate is the same for everyone, regardless of income, which makes the bill progressive. Most families will experience a net financial gain because their rebate will be larger than the higher prices they will pay for fossil fuels. Low-income families will experience a more substantial gain than high-income families because they use less fossil fuel. The bill is revenue neutral because the rebate is funded by the carbon tax on importers, which also pays for administrative costs. Hawai'i must take a multi-pronged approach to do its part to reduce emissions, and this bill works with all other efforts to do so.

HB-1146

Submitted on: 2/5/2023 7:31:30 PM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Fatima	Individual	Support	Written Testimony Only

Comments:

I am 100 percent in support of this bill!

HB-1146

Submitted on: 2/5/2023 8:29:04 PM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Nori Tarui	Individual	Support	Written Testimony Only

Comments:

I am testifying as an economist at UH (and UHERO), with an expertise in environmental economics and the economics of climate change in particular and with a record of publications at top academic journals on the topic. The State of Hawaii should pursue the way to reduce greenhouse gas emissions with the lowest cost possible to Hawaii's society. Carbon pricing is the best way for the State to reduce GHG emissions with the least cost. Some people may wonder if increased prices in energy-intensive goods and services, such as gasoline and electricity, would harm the low and medium income households disproportionately. The proposed carbon cashback bill actually address this issue to make sure that the policy to reduce GHG emissions will not hurt LMI households. Any other policy that aims at reducing GHG emissions---especially through subsidizing renewable energy---will end up being more costly than carbon pricing, and hence will place a larger cost burden on Hawaii's residents. I urge the Committee to seriously consider this bill, which would reduce GHG emissions efficiently AND equitably. Thank you.

Hawaii House of Representatives Committee on EEP

Support for HB 1146, Carbon Cashback

February 7, 2023, 8:45 am

Aloha to the members of the Energy and Environmental Protection Committee:

I am testifying in support of Bill 1146 because it will efficiently reduce our carbon emissions. This makes good economic and social sense. This system of taxing carbon will be an administratively easy way to help meet our State's goals to help minimize global warming in a progressive way as almost all of the collected revenue will be returned to Hawaii residents in equal shares so as to benefit our residents, especially our low- and middle-income households. Because the system will take advantage of existing administrative mechanisms, it will pay for itself, using only a tiny part of the collected revenue.

National studies show that most families will receive a net income from carbon cashback. A few years ago the University of Hawaii Economic Organization completed a study that concluded that families in Hawaii's bottom income quintile will net an average of \$900 per year. The benefits are so obvious that the Hawaii 2020-2022 Tax Review Commission put it as its top recommendation.

Not only will carbon cashback quickly benefit our economy, but it will become an important tool to help us fight the war on greenhouse gasses so we can find a positive way to live into future against the battle with climate change.

Thank you for considering my testimony,

Charles E Cox

HB-1146

Submitted on: 2/5/2023 10:15:44 PM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Martha Randolph	Individual	Oppose	Written Testimony Only

Comments:

At this time the Environmental Caucus members are divided concerning this bill.

Many members and me too, feel more research must be done to determine if a program like this has ever really accomplished a significant reduction in Carbon emissions in other places where it has been tried. Many of our members say it actually serves the fossil fuel industry. Many do not feel that the funds collected which are supposed to be returned to citizens will not be.

In my personal opinion only:

Perhaps a significant tax on any businesses, or power plants, or other corporations which actually put carbon into the air, and which they are expressly forbidden to pass on to customers would win more support. Even better if it encouraged those businesses to find a way to do business without Carbon Emissions, or use a carbon capture technology to prevent the carbon from going into the air.

Power plants which burn trees or bio mass are far more dangerous to our environment and are completely unnecessary with current options.

In order to reduce automobile emissions more bills which help people switch to electric cars like the others we have supported will do a better job for now. Improving the public transportation system and making it more affordable is another way to go.

HB-1146

Submitted on: 2/5/2023 10:26:54 PM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Audrey Lin	Individual	Support	Written Testimony Only

Comments:

Aloha,

My name is Audrey Lin, and I am a sophomore at `Iolani School, in Honolulu, Hawai`i. I write in strong support of HB1146.

As a high school student myself, I view climate change as the greatest threat to humanity today. The passage of HB1146 would tax fossil fuel corporations and compensate consumers, better enabling Hawai`i's transition to renewable energies, in a revenue neutral manner.

In Hawai'i, the effects of climate change are omnipresent from increased sea levels to severe weather. We must act now to save our future. Without the passage of HB1146, the situation will only worsen.

Thank you for the opportunity to submit testimony for the bill.

Sincerely,
Audrey Lin
`Iolani School, Class of 2025

TO: Members of the Committee on Energy & Environmental Protection

FROM: Natalie Iwasa
808-395-3233

HEARING: 8:45 a.m. Tuesday, February 7, 2023

SUBJECT: HB 1146, Fossil Fuel Tax and Carbon Emissions Tax Credit - **OPPOSE**

Aloha Chair Lowen and Committee Members,

Thank you for allowing the opportunity to provide testimony on HB 1146, which would tax producers and importers of fossil fuels and pass that tax on in form of a credit to resident taxpayers.

The fossil fuel industry isn't just going to suck up a new tax. They will pass it on to their customers. It will hit residents who cannot afford electric cars and home solar systems the hardest. (Fossil fuels are still the largest source of energy for electricity production.)

It will also make air travel more expensive and take government resources to implement and enforce, with questionable results.

Please do not pass HB 1146.

HB-1146

Submitted on: 2/6/2023 5:54:56 AM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Adrian Buechner	Individual	Support	Written Testimony Only

Comments:

I strongly support HB 1146 because it will reduce carbon emissions by placing a tax on companies that import fossil fuels into Hawai'i and use the tax revenues to fund a rebate that will be distributed to Hawai'i residents in equal shares. The carbon tax reduces emissions by incentivizing businesses and individuals to use less fossil fuel, which is warming the Earth and creating climate havoc globally. The rebate is the same for everyone, regardless of income, which makes the bill progressive. Most families will experience a net financial gain because their rebate will be larger than the higher prices they will pay for fossil fuels. Low-income families will experience a more substantial gain than high-income families because they use less fossil fuel. The bill is revenue neutral because the rebate is funded by the carbon tax on importers, which also pays for administrative costs. Hawai'i must take a multi-pronged approach to do its part to reduce emissions, and this bill works with all other efforts to do so.

Testimony of Robert Pearsall

Before the House Committee on Energy & Environmental Protection

Tuesday, Feb. 7, 2023, at 8:45 am in Conference Room 325 or via Zoom

In Support of HB 1146 (Carbon Cashback Legislation)

Dear Chair Lowen, Vice-Chair Cochran, and Committee Members:

Thank you for this opportunity to express my support for carbon pricing and why such a cashback policy is a good fit for Hawai'i's ambitious climate and environmental goals. Urgent effective action on climate change is needed to maintain the livability of our planet. We don't need more fires, longer droughts, historic flooding, and continued sea level rise to remind us why comprehensive action is required.

I therefore strongly support HB 1146 because it will reduce carbon emissions by placing a tax on companies that import fossil fuels into Hawai'i and use the tax revenues to fund a rebate that will be distributed to all Hawai'i residents in equal shares.

The carbon tax reduces emissions by incentivizing businesses and individuals to use less fossil fuel, which is warming the Earth and creating climate havoc globally. The rebate is the same for everyone, regardless of income, which makes the bill progressive. Carbon cashback benefits low- and middle-income households, particularly as fossil fuel prices remain high. Most families will experience a net financial gain because their rebate will be larger than the higher prices they will pay for fossil fuels. Low-income families will experience a more substantial gain than high-income families because they use less fossil fuel.

Carbon pricing is efficient—it would pay for itself and not grow the government.

The bill is revenue neutral because the rebate is funded by the carbon tax on importers, which also pays for administrative costs. Hawai'i must take a multi-pronged approach to do its part to reduce emissions, and this bill works with all other efforts to do so. There is broad support for carbon pricing policies, so this would be a great opportunity for Hawai'i to demonstrate leadership in its

commitment to reducing the state's reliance on fossil fuels.

HB-1146

Submitted on: 2/6/2023 7:01:48 AM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Jean Keating	Individual	Support	Written Testimony Only

Comments:

I'm in full support of HB1146. Hawaii needs to be the lead
of other states and pass this bill.

Thank You

HB-1146

Submitted on: 2/6/2023 7:45:09 AM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
George A Downing	Individual	Support	Written Testimony Only

Comments:

Dear Members of the Energy & Environmental Protection Committee

Thank you for hearing HB1146

I support HB1146 because it will reduce carbon emissions, place a tax on companies that import fossil fuels into Hawai'i and benefit families through an annual refundable tax credit.

HB1146 is a progressive tax and will benefit low- and middle-income families the most and it will be like getting an extra pay check every year!

Thank you for your support

Dr. Keola G.A. Downing from Pahoehoe on the Big Island of Hawai'i

HB-1146

Submitted on: 2/6/2023 8:28:32 AM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Gerdine Markus	Individual	Support	Written Testimony Only

Comments:

I support carbon cash back

HB-1146

Submitted on: 2/6/2023 10:01:15 AM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
David Kingdon	Individual	Support	Written Testimony Only

Comments:

Legislators: **I strongly support HB 1146** because it will reduce carbon emissions by placing a tax on companies that import fossil fuels into Hawai'i and use the tax revenues to fund a rebate that will be distributed to Hawai'i residents in equal shares. The carbon tax reduces emissions by incentivizing businesses and individuals to use less fossil fuel, which is warming the Earth and creating climate havoc globally. The rebate is the same for everyone, regardless of income, which makes the bill progressive. Most families will experience a net financial gain because their rebate will be larger than the higher prices they will pay for fossil fuels. Low-income families will experience a more substantial gain than high-income families because they use less fossil fuel. The bill is revenue neutral because the rebate is funded by the carbon tax on importers, which also pays for administrative costs. Hawai'i must take a multi-pronged approach to do its part to reduce emissions, and this bill works with all other efforts to do so. Thank you for your consideration.



Tuesday, February 7, 2023, 8:45 am

House Committee on Energy and Environmental Protection

HOUSE BILL 1146 – RELATING TO ENERGY

Position: Strong Support

Me ke Aloha, Chair Lowen, Vice-Chair Marten, and members of the House Committee on Energy and Environmental Protection:

HB1146 imposes a slight increase in the barrel tax and distributes the revenues to taxpayers in the form of a tax credit.

Restore the Commons strongly supports both an increase in the barrel tax and an increased credit to taxpayers. The campaign to curtail the worst effects of climate change hinges on sharp reductions in greenhouse gas emissions – many of which result from transport vehicles using internal combustion engines. Economists around the world are united in recommending a carbon tax as the cleanest, most effective way to curtail fossil fuel use, both from an atmospheric pollution standpoint and from a cultural transformation standpoint.

Some legislators have expressed concern for an appearance of fueling inflation through such a measure, but this is erroneous thinking promoted by fossil fuel interests. The currently receding inflation was caused by a multitude of factors stemming from the pandemic, especially labor shortages from global illness and lockdowns, that curtailed production of goods and services – the direct cause of inflation. With recovery from the pandemic, supply lines are reorganized, people are returning to work, and the Federal Reserve is being bombarded with criticism for raising borrowing rates, as this is not the proper remedy for the resumption of producing goods and services.

Moreover, a recently published report by the University of Hawaii Economic Research Organization (UHERO) is clear that the inflationary pressures of this small increase are broadly overwhelmed by the cashback credit returned through income tax credit. Greater benefit goes to the lowest quintile of income tax reporters, with the top quintiles recovering the least, making this an equity measure. Some legislators raised the concern that longer commutes by low-income workers would create an exception, a concern we would share, but it is clear from the UHERO study that even the most involved commutes come out ahead.

In addition, it is also true that visitors will be paying at the pump for a sizeable portion of local emissions, but few pay taxes in Hawaii, so that they are, in effect, subsidizing our tax credit.

The transition from carbon fuels to clean renewables is well underway, with new applications to the Public Utilities Commission primarily for wind and solar installation, with battery storage. Battery storage was once limited by the PUC specifications, but with grid upgrades to incorporate inverters, they have raised the storage capacity from 4 to 6 hours, while new installations world-wide are in the range of 8-12 hours. This means that electricity production is shifting to cheaper sources to enable lowering rates to rate-payers.

Fossil fuel installation are far more expensive, and with financial institutions making the transformation to investments in renewables, fossil fuel promoters are struggling to recoup stranded assets. A great deal of press regarding new drilling leases is not matched by actual production, except to harness cheaper sourcing to abandon older facilities.

Part of the transition includes great interest in grid upgrades to enable a system of recharge stations to service electric vehicles, which are increasingly popular and being produced more cheaply to the consumer.

Finally, some have raised the question of “moral hazard”, meaning that a rebate would stimulate more of the activity were trying to reduce. It happens that lower-income earners already are more likely to use public transportation; it is higher-end users who will pay more for all the products they consume involving fossil fuels. Low-income earners will be able to spend their dividend on anything they choose – food, health care, rent, etc.

Mahalo for the opportunity to address this matter.

/S/ Charley Ice, hoa'āina

Public servant (retired): 10 years Hawaiian Home Lands Planning; 25 years senior Hydrologist, Commission on Water Resource Management.

**Building the new normal with People and Land: Food Security Health Care Public Banking
Regenerating Soils Cutting Waste Eliminating GHG emissions**

HB-1146

Submitted on: 2/6/2023 10:51:52 AM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
helen raine	Individual	Support	Written Testimony Only

Comments:

I strongly support HB 1146 because it will reduce carbon emissions by placing a tax on companies that import fossil fuels into Hawai‘i and use the tax revenues to fund a rebate that will be distributed to Hawai‘i residents in equal shares. The carbon tax reduces emissions by incentivizing businesses and individuals to use less fossil fuel, which is warming the Earth and creating climate havoc globally. The rebate is the same for everyone, regardless of income, which makes the bill progressive. Most families will experience a net financial gain because their rebate will be larger than the higher prices they will pay for fossil fuels. Low-income families will experience a more substantial gain than high-income families because they use less fossil fuel. The bill is revenue neutral because the rebate is funded by the carbon tax on importers, which also pays for administrative costs. Hawai‘i must take a multi-pronged approach to do its part to reduce emissions, and this bill works with all other efforts to do so.

I urge you to pass this bill. Many thanks Helen

HB-1146

Submitted on: 2/6/2023 12:57:20 PM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Manahel Al-hozail	Individual	Oppose	Written Testimony Only

Comments:

I oppose this bill.

HB-1146

Submitted on: 2/6/2023 12:58:23 PM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Emerson	Individual	Oppose	Written Testimony Only

Comments:

Gas prices are up and already difficult for people to live. We would be taxed for everything that we would such as eating, and transportation. Taxation is theft. Are you going to make the next generation suffer that

HB-1146

Submitted on: 2/6/2023 1:28:57 PM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Marcus Tanaka	Individual	Oppose	Written Testimony Only

Comments:

Oppose

HB-1146

Submitted on: 2/6/2023 1:51:33 PM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
James Clark	Individual	Support	Written Testimony Only

Comments:

Climate change is urgent, now. We need to start somewhere and HB1146 is great start. Hawaii is especially vulnerable as you all know.

Carbon cashback benefits low and middle income households and is effective, with broad support. Please support HB1146, thank you- James Clark

HB-1146

Submitted on: 2/6/2023 2:39:23 PM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
WILLIAM CAO	Individual	Support	Written Testimony Only

Comments:

Carbon Cashback is important to me. It builds a better Hawaii and it benefits lower and middle income families who may not have the means to participate in renewable energy.

So I strongly support HB 1146 because it will reduce carbon emissions by placing a tax on companies that import fossil fuels into Hawai'i and use the tax revenues to fund a rebate that will be distributed to Hawai'i residents in equal shares. The carbon tax reduces emissions by incentivizing businesses and individuals to use less fossil fuel, which is warming the Earth and creating climate havoc globally. The rebate is the same for everyone, regardless of income, which makes the bill progressive. Most families will experience a net financial gain because their rebate will be larger than the higher prices they will pay for fossil fuels. Low-income families will experience a more substantial gain than high-income families because they use less fossil fuel. The bill is revenue neutral because the rebate is funded by the carbon tax on importers, which also pays for administrative costs. Hawai'i must take a multi-pronged approach to do its part to reduce emissions, and this bill works with all other efforts to do so.

HB-1146

Submitted on: 2/6/2023 3:20:51 PM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Jowell Rivera	Individual	Oppose	Written Testimony Only

Comments:

I am totally against this bill for the following reason:

Legislators supposed to help reduce inflation, not increase it.

Forced changes does not work. It must be market driven and not government manipulated. Basic economics allow the market to work.

All prices increase will be passed on to the consumers and the most impacted are the low-income citizen.

Low-income earners also pay electric and fuel bills.

Since low-income people use more energy as a percent of their income than high-income people, a switch to a carbon tax would have to be accompanied by transfers to low-income groups.

Regressive.

Some suggest that offsets be returned to taxpayers through lower income taxes, perhaps with the proceeds going to low-income households (individuals and families), which are disproportionately hurt by what is in essence an energy consumption tax. **Cruel form of taxation.**

This could theoretically be done by adjustments to the income tax. However, low-income earners are not required to file returns, and they would have to be identified and compensated. That means extra work for them. **Governments creating problems.**

A carbon tax is regressive. By making fossil fuels more expensive, it imposes a burden on those with low incomes and seniors. They will pay a higher percentage of their income for necessities like gasoline, electricity, and food. This will happen regardless of the alleged tax breaks. They can't afford to switch to electric vehicles either along with other city taxes on automobile registration or the like.

Generally, a carbon tax would increase the cost of burning fossil fuels, increasing the cost of producing goods and services that rely on those inputs, particularly for carbon-intensive things like **electricity and transportation.**

This is a tax on transportation fuels like gas/diesel and most form of electricity. It is estimated that 77% of Hawaii's power comes from burning fossil fuels. By design, a carbon tax will make affordable energy more expensive. Hawaii will see their utility bills increase (**as it has since closed the coal plant**) under a carbon tax. Let's be clear, **this is the exact purpose of a carbon tax**. To make the existing energy infrastructure more expensive, forcing the Hawaii residents to change (behavior) how they live and work. It is not the job of the legislature to put this burden on the taxpayer. **This is totalitarianism.**

This will increase the cost of good and services. The cost with high energy prices will be passed onto consumers through more expensive goods across all sectors of the economy. More expensive energy and goods damage our economic output. **It will do damage to many industries like manufacturing.**

Carbon tax does not impact climate change. Different loopholes and exceptions always exist. If Hawaii eliminated all carbon dioxide emissions, it would have a negligible impact on the world's climate. According to the EPS's own models, imposing a carbon tax in the U.S. will have a next to zero impact on the global climate. **It would surely damage the Hawaii economy.**

Carbon tax is not a market driven solution. Taxes are not part of the free market as some would argue, rather it is a political instrument, not market forces. **A carbon tax is, fundamentally, a government intrusion into the market that picks winner and losers.**

This a tool for politicians to continue wasteful government spending. Carbon tax is another tool by politicians to get more money from people to continue to increase the size of the government. **"The bigger the government, the smaller the person"**. They continue to investigate things like carbon tax to continue spending instead of reducing waste. Major **"green"** groups want a carbon tax to fund their green energy projects and other programs.

A carbon tax is not revenue neutral. It is not designed to offset income or payroll taxes. It provides the optimal disincentives for emissions based on models of climate change while payroll taxes are based on social security demographics and the like. Over time, **Hawaii would have a new tax on energy as well other taxes we all suffer.**

Many Hawaii voters and taxpayers reject the idea of a carbon tax. Did our leaders ask anyone? This idea only has support of those wanting to increase the cost of energy in Hawaii as a **green energy religious ideology.**

Lastly. Once again, government attempting to penalizing its citizen and businesses by the ever increases in **taxation and inflation. Inflation is the cruelest form of taxation.** This will force more of our taxpayers and business to flee the state. **If this is the goal of the legislature, congratulations. You will surely hit your goal.**

HB-1146

Submitted on: 2/6/2023 7:09:23 PM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Jennifer Latham	Individual	Support	Written Testimony Only

Comments:

I strongly support HB1146 because it will reduce carbon emissions by placing a tax on companies that import fossil fuels into Hawai'i and use the tax revenues to fund a rebate that will be distributed to Hawai'i residents in equal shares.

The carbon tax reduces emissions by incentivizing businesses and individuals to use less fossil fuel, which is warming the Earth and creating climate havoc globally. The rebate is the same for everyone, regardless of income, which makes the bill progressive. Most families will experience a net financial gain because their rebate will be larger than the higher prices they will pay for fossil fuels. Low-income families will experience a more substantial gain than high-income families because they use less fossil fuel. The bill is revenue neutral because the rebate is funded by the carbon tax on importers, which also pays for administrative costs. Hawai'i must take a multi-pronged approach to do its part to reduce emissions, and this bill works with all other efforts to do so.

We can't delay in doing everything we can to reduce carbon emissions as quickly as possible. Please pass HB1146 to make progress in carbon reduction.

HB-1146

Submitted on: 2/6/2023 9:51:01 PM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Natasha Porreca	Individual	Oppose	Written Testimony Only

Comments:

i strongly ooppose this bill. This is just going hand in had with communism... we all know you're going to try to control us with our "carbon footprint" in the future NOT TO MENTION carbon makes up 3% of the ONE PERCENT of other gasses in our atmosphere. SO WHY IS THIS A BIG DEAL? How about we focus on big corporations carbon footprints? Hold them accountable for their fuel leaks, all of the plastic, toxins, chemicals they put out into this world, harming EVERYTHING in its path? How about, as an island state, we make our environment priority by attacking the real issues and not some made up issue that the global elites are trying to enforce. WAKE UP!!!! Stop being sell outs to big corporations and the global elite.

HB-1146

Submitted on: 2/6/2023 10:35:19 PM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
james pirtle	Individual	Oppose	Written Testimony Only

Comments:

I oppose this tax.

HB-1146

Submitted on: 2/6/2023 11:12:15 PM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Keikilani Ho	Individual	Oppose	Written Testimony Only

Comments:

This state taxes every little thing, and it is impossible to be completely carbon and fuel free. It's common sense! Put more time into things that are more important. Taxing will not solve anything.

HB-1146

Submitted on: 2/7/2023 1:13:13 AM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
jaerick medeiros-garcia	Individual	Oppose	Written Testimony Only

Comments:

I'm opposing HB1146. It's not for hawaii.

HB-1146

Submitted on: 2/7/2023 1:36:44 AM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Terry Murakami	Individual	Oppose	Written Testimony Only

Comments:

I oppose HB1146. At this time given how people are hurting financially the last thing we need is imposing taxes on our energy which will only raise the prices on everything.

"Green Energy" such as solar and wind farms is no substitute in cost and reliability for natural gas and coal. Furthermore given how the "science" behind the climate change is questionable imposing taxes on fuel will only hurt the citizens of Hawaii.

TESTIMONY RE HB 1146
By JoAnn A. Yukimura
Before the House Committee on Energy and Environmental Protection
February 7, 2023

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

I testify in strong support of HB 1146.

According to over 3,000 economists, including twenty-eight Nobel Laureate economists, a carbon tax is the single, most effective, most efficient and least disruptive way to address the Climate Crisis.

Rather than trying to regulate the use of carbon, the bill proposes a carbon fee or tax that leverages the current economic paradigm by “internalizing the externalities”--i.e. making the users of carbon pay for the true environmental, social and economic costs such use imposes on the community and the environment. This will be the fastest way to reduce society’s dependence on fossil fuels and transition to a sustainable world that is based on renewable sources of energy.

HB1146 also addresses the problem in a way that is just--by returning the revenues in the form of a dividend to every household. The benefits from the dividend will accrue to every family, and the largest benefits will go to low-income families. In this way, families in the lower income brackets will not be burdened but will be supported in making the transition to a carbon free society.

Please pass this bill.

Let’s make Hawai’i a model for the world.

Thank you for this opportunity to testify.

HB-1146

Submitted on: 2/7/2023 3:34:01 AM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Luis Ma	Individual	Oppose	Written Testimony Only

Comments:

I strongly oppose this bill, because this bill will sharply increase Hawaii residents cost of living and phase more residents move out of Hawaii. On the other hands I don't believe States of Hawaii can properly manage the funding. Since the rails already give us a perfect example as corruption and over spend taxes payer money without supervision!

HB-1146

Submitted on: 2/7/2023 7:31:28 AM

Testimony for EEP on 2/7/2023 8:45:00 AM

Submitted By	Organization	Testifier Position	Testify
Jr Tupai	Individual	Oppose	Written Testimony Only

Comments:

Mahalo Madam Chair Lowen, Madam Vice Chair Cochran and members of the House Committee on Energy & Environmental Protection for the opportunity to testify in opposition to HB1146.