
A BILL FOR AN ACT

RELATING TO THE ENVIRONMENT.

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

1 SECTION 1. The legislature finds that the State's natural
2 environment and ecosystems are in a fragile state, due to the
3 amount of greenhouse gases released through human activities and
4 the resulting impact on global climate change. The legislature
5 also finds that the State should support programs that
6 incentivize state agencies, private entities, and individuals to
7 adopt practices that are more environmentally friendly and that
8 result in reduced carbon emissions into the environment. The
9 legislature notes that one mechanism that has gained success in
10 Europe after adoption of the Kyoto Protocol is the transferring
11 and selling of carbon offset credits. California and numerous
12 other states and private industries have established these types
13 of credits for purchase by polluters to offset their carbon
14 emissions. Billions of dollars have been raised by California
15 alone, and many industries are seeking new places to invest
16 these dollars to offset their carbon emissions.



1 The legislature further finds that it is necessary to
2 invest state funds to improve the State's water infrastructure
3 and ensure future water sustainability in the face of ongoing
4 climate change. More specifically, the State must be prepared
5 to provide more resources and support for those affected by
6 disaster-scale flooding, coastal seawater inundation, and
7 shortages of potable water and agricultural water. The
8 legislature anticipates that the revenues raised by a state
9 carbon offsets program will greatly enhance current water
10 sustainability efforts.

11 Accordingly, the legislature finds that it is in the public
12 interest to create a carbon offsets program in the State that
13 would incentivize and reward the adoption, practice, and
14 adherence to carbon emission reduction activities, consistent
15 with the Hawaii 2050 sustainability plan.

16 The purpose of this Act is to establish a program under the
17 department of business, economic development, and tourism that
18 allows state agencies and other interested parties to acquire
19 carbon offset credits to offset their respective carbon
20 emissions, and uses the resulting proceeds to fund projects that



1 improve the State's water infrastructure or mitigate threats to
2 water sustainability efforts due to climate change.

3 SECTION 2. Chapter 201, Hawaii Revised Statutes, is
4 amended by adding two new sections to part I to be appropriately
5 designated and to read as follows:

6 "§201- Definitions. As used in this section:

7 "Carbon offset" means a compensatory measure made by an
8 agency or individual to reduce carbon emissions, which may
9 include the adoption of practices that increase the absorption
10 of carbon dioxide.

11 "Carbon offset credit" means a tradable credit issued by
12 the department under the program that represents a greenhouse
13 gas reduction or greenhouse gas removal enhancement that is
14 equivalent to one metric ton of carbon dioxide equivalent and
15 meets the requirements of the program.

16 "Emissions" means the release of greenhouse gases into the
17 atmosphere from sources and processes found in a specified
18 industry, including from the combustion of transportation fuels
19 such as natural gas, petroleum products, and natural gas
20 liquids.



1 "Program" means the carbon offset program administered by
2 the department.

3 "State agency" means a unit of state government, such as a
4 department, division, branch, agency, program, or office, and
5 includes the legislature, judiciary, and office of Hawaiian
6 affairs.

7 §201- Carbon offset program. (a) The department shall
8 establish a carbon offset program that:

- 9 (1) Establishes a process for use by state agencies and
10 other interested parties to identify management
11 actions that contribute to a reduction in carbon
12 emissions;
- 13 (2) Establishes carbon offset credits that may be
14 transferred or sold among public and private entities
15 in the State; provided that carbon offset credits
16 shall be applied within the State; provided further
17 that a substantial portion of the proceeds generated
18 from sales of carbon offset credits shall be invested
19 in projects that improve the State's water
20 infrastructure or mitigate threats to water



1 sustainability due to climate change, including but
2 not limited to:

3 (A) Flood prevention and preparedness;

4 (B) Mitigation of sea level rise;

5 (C) Increasing potable water supplies; and

6 (D) Increasing agricultural water supplies;

7 (3) Guarantees sustainable management of the State's

8 natural resources by reducing carbon emissions, based

9 on accepted principles, standards, and best management

10 practices; and

11 (4) Is consistent with the Hawaii 2050 sustainability

12 plan.

13 (b) The department shall adopt rules, pursuant to chapter

14 91, necessary to carry out the purposes of this section. At a

15 minimum, rules adopted under this section shall address:

16 (1) Standards to assure program participants that carbon

17 offsets to be transferred or sold under the program

18 shall:

19 (A) Not result in harm to or deterioration of natural

20 resources in the State; and



- 1 (B) Provide environmental, social, cultural, or
2 economic benefits, including but not limited to
3 the improvement of the State's water
4 infrastructure or mitigation of threats to water
5 sustainability due to climate change;
- 6 (2) Provisions for establishing the appropriate baseline
7 for projects or practices undertaken to reduce carbon
8 emissions;
- 9 (3) Ownership of any carbon emission debits and credits
10 for carbon storage or sequestration that are made
11 through a third party or accredited program;
- 12 (4) The manner in which specific industry practices shall
13 monitor and verify carbon dioxide emission for carbon
14 storage or sequestration;
- 15 (5) The use of reputable third-party verification of
16 carbon offsets; and
- 17 (6) The manner in which the valuation of carbon offset
18 credits shall be determined."

19 SECTION 3. New statutory material is underscored.

20 SECTION 4. This Act shall take effect on January 28, 2045.



Report Title:

DBEDT; Carbon Offsets Program

Description:

Establishes a carbon offsets program under the Department of Business, Economic Development, and Tourism that allows state agencies and other interested parties to acquire carbon offset credits to offset their respective carbon emissions, and uses the resulting proceeds to fund projects that improve the State's water infrastructure or mitigate threats to water sustainability efforts due to climate change. (HB1986 HD1)

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