A BILL FOR AN ACT

RELATING TO THE ENVIRONMENT.

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

PART I

SECTION 1. The legislature finds that not only is climate change real, but it is also the overriding challenge of the twenty-first century. The legislature notes that one of the priority issues of the State is mitigating climate change, and that the State is committed to having a one hundred per cent renewable energy portfolio by 2045. Further, in enacting Act 32, Session Laws of Hawaii 2017, the legislature recognized that climate change poses a serious threat to the State's economic well-being, public health, and natural resources. Through Act 15, Session Laws of Hawaii 2018, the legislature established the State's zero emissions clean economy target to sequester more atmospheric carbon and greenhouse gases than emitted within the State as quickly as practicable, but no later than 2045.

In Act 16, Session Laws of Hawaii 2018, the legislature stated that it is in the public interest to create a carbon offset program in the State that would incentivize and reward
the adoption of, practice of, and adherence to carbon emission reduction activities. Act 16 established the carbon offset program to incentivize state agencies, private entities, and individuals to adopt practices that are more environmentally friendly and that result in reduced carbon emissions into the environment. Act 16 also authorized the investment of revenues realized from the sale of carbon offset credits under the program into projects to generate further carbon offset credits or enhance the State's efforts to mitigate and adapt to climate change.

The legislature believes that it is appropriate to take the next steps toward environmentally-sound policies.

Accordingly, the purpose of this Act is to:

(1) Expand the scope of the carbon offset program;

(2) Establish a carbon offset revolving fund to assist in the fulfillment of the purposes of the carbon offset program; and

(3) Appropriate funds necessary for the carbon offset program.
PART II

SECTION 2. Chapter 225P, Hawaii Revised Statutes, is amended by adding two new sections to be appropriately designated and to read as follows:

"§225P-A Carbon offset revolving fund. (a) There is established a carbon offset revolving fund, to be administered by the office of planning, into which may be deposited:

(1) Moneys received from state agencies to offset the emissions caused by air travel undertaken by state employees in performance of the employee's official duties;

(2) Investment earnings or other income received by the carbon offsetting and public carbon offset projects within the State;

(3) Any rebates, grants, or incentives associated with carbon offsetting and other sustainability measures;

and

(4) Appropriations from the legislature.

(b) Moneys in the carbon offset revolving fund shall be expended by the office of planning to support the State's: 
Efforts to timely reach the zero emissions clean economy target established in 225P-5;

(2) Carbon offset program established in section 225P-6;

(3) Sustainability initiatives;

(4) Sustainability projects and services; and

(5) Related administrative costs.

§225P-B Rules. The department of business, economic
development, and tourism shall adopt rules, pursuant to chapter 91, necessary for the purposes of this chapter."

SECTION 3. Section 225P-6, Hawaii Revised Statutes, is amended to read as follows:

"{][]§225P-6[[]] Carbon offset program. (a) The office of planning, in partnership with the greenhouse gas sequestration task force, shall investigate and establish a carbon offset program, to be administered by the carbon offset program manager, that:

(1) Provides expertise in carbon offsetting to public agencies and private entities and assists in coordinating carbon offset projects of public agencies, including but not limited to the generation, certification, and marketing of carbon credits;
(2) Allows for proceeds and revenues generated by state departments from sales of offset credits to be deposited into suitable funds particularly for reinvestment to generate further carbon offset credits; provided that the funds are used in accordance with the purposes of the fund;

(3) Allows for proceeds and revenues generated by state agencies from sales of carbon credits other than as described in paragraph (2) to be invested in projects enhancing the State's efforts to mitigate or adapt to climate change; [and]

(4) Issues offsets to purchasers;

(5) Certifies project types and specific projects;

(6) Coordinates with investors;

(7) Uses the services of third-party auditors to verify project performance and ensure environmental integrity;

(8) Manages the carbon offset revolving fund established under section 225P-A; and

(9) Is consistent with the State's sustainability goals and policies.
(b) The office of planning in partnership with the greenhouse gas sequestration task force shall submit a report of its findings and recommendations, including any proposed legislation, to the legislature and the climate change mitigation and adaptation commission no later than twenty days prior to the convening of the regular session of 2020.

(c) All state agencies shall participate in the carbon offset program.

(d) The governor, the president of the senate and the speaker of the house of representatives, the chief justice, and the chairperson of the office of Hawaiian affairs shall implement a program in their respective branches of state government to require all agencies to participate in the carbon offset program to offset carbon emissions caused by air travel undertaken by an employee of the agency in performance of the employee's official duties. The cost of the offset shall be paid to the office of planning by the agency for their respective employees on a per trip basis at a rate, which may include reasonable costs for administering the program, determined by the office.

[(+) (e) As used in this section:]
"Carbon credit" means a tradable certificate or permit issued by a carbon registry that represents a greenhouse gas reduction or greenhouse gas removal enhancement that is equivalent to one metric ton of carbon dioxide and meets the requirements of the carbon offset program.

"Carbon offset" means a compensatory measure made by an agency, business, or individual to reduce carbon dioxide emissions or to increase carbon dioxide sequestration.

"Carbon registry" means any established international, national, or regional carbon registry program that serves voluntary or compliance markets, provides an independent carbon standard to verify and certify carbon offsets, and issues carbon credits.

PART III

SECTION 4. There is appropriated out of the general revenues of the State of Hawaii the sum of $500,000 or so much thereof as may be necessary for fiscal year 2019-2020 and the same sum or so much thereof as may be necessary for fiscal year 2020-2021 to be deposited into the carbon offset revolving fund.

SECTION 5. There is appropriated out of the carbon offset revolving fund the sum of $500,000 or so much thereof as may be
necessary for fiscal year 2019-2020 and the same sum or so much
thereof as may be necessary for fiscal year 2020-2021 for the
purposes of the fund.

The sum appropriated shall be expended by the office of
planning for the purposes of this Act.

SECTION 6. There is appropriated out of the general
revenues of the State of Hawaii the sum of $400,000 or so much
thereof as may be necessary for fiscal year 2019-2020 for the
establishment of:

(1) One full-time equivalent (1.00 FTE) secretary III
position:

(2) Four full-time equivalent (4.00 FTE) planner V
positions; and

(3) One full-time equivalent (1.00 FTE) carbon offset
program manager position,

to support the State's carbon offset program.

The sum appropriated shall be expended by the office of
planning for the purposes of this Act.

PART IV

SECTION 7. In codifying the new sections added by section
2 of this Act, the revisor of statutes shall substitute
appropriate section numbers for the letters used in designating
the new sections in this Act.

SECTION 8. Statutory material to be repealed is bracketed
and stricken. New statutory material is underscored.

SECTION 9. This Act shall take effect on July 1, 2019.

INTRODUCED BY:  

JAN 2 4 2019
Report Title:
DBEDT; Office of Planning; Climate Change; Carbon Offsets; Appropriation

Description:
Expands the scope of the carbon offset program. Establishes a carbon offset revolving fund to assist in the fulfillment of the purposes of the carbon offset program. Appropriates funds.

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