A BILL FOR AN ACT

RELATING TO STATEWIDE SUSTAINABILITY INITIATIVES.

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

PART I

SECTION 1. The legislature finds that worldwide greenhouse emissions must be reduced by half by 2030 to avoid catastrophic climate change. A 2017 study found that at least eight islands in the Pacific Ocean have disappeared due to rising sea levels. A 2017 study by the Environmental Protection Agency found that adapting the nation's roads and railways to the damaging effects of climate change would alone cost up to $280,000,000,000 by the end of the century. This estimate grows exponentially when considering the needs of all other public and private infrastructure. Refusing to act now will only transfer the costs to vulnerable populations, future state budgets, and businesses.

The legislature further finds that, in 1933, President Franklin D. Roosevelt launched the New Deal, an economic policy, which included massive investments in public infrastructure and specific industries, that transformed the economy. These
projects successfully brought the United States economy out of
the Great Depression, while simultaneously providing advances in
rural electrification, the federal highway system, hydrologic
dam systems, space exploration, and nuclear energy.

The legislature further finds that economic analyses have
shown that, in the near-term, increases in infrastructure
spending would significantly boost economic activity and
employment and have the potential to increase long-term public
and private sector productivity growth. For example, the
Economic Policy Institute found that investing in building
efficiency and a national smart grid for carbon mitigation would
boost gross domestic product by $147,000,000,000 annually and
create 1,100,000 jobs in the first year. Larger investments
show potential for even greater pay-offs. A carbon tax will not
hamper the economy, particularly as revenues are reinvested into
communities.

Accordingly, the purpose of this Act is to implement a
carbon tax and expend the revenue on various sustainability
measures that will boost the local economy and make Hawaii a
global leader in sustainability.
PART II

SECTION 2. Chapter 243, Hawaii Revised Statutes, is amended by adding a new part to be appropriately designated and to read as follows:

"PART . CARBON TAX

§243-A Definitions. As used in this part, unless the context clearly indicates otherwise:

"Fossil fuel" means a hydrocarbon deposit, such as coal, natural gas, or liquefied natural gas, derived from the accumulated remains of ancient plants or animals and used for fuel, petroleum, and any petroleum product.

§243-B Carbon tax. (a) In addition to any other taxes provided by law, subject to the exemptions set forth in section 243-7, there is hereby imposed a carbon tax on each ton of carbon dioxide emitted from the use of a fossil fuel by a distributor. Beginning January 1, 2020, the tax shall be $15 per ton of carbon dioxide emitted.

The tax imposed by this subsection shall be paid by the distributor who has emitted carbon dioxide.

(b) Each distributor subject to the tax imposed by subsection (a), on or before the last day of each calendar
month, shall file with the director of taxation, on forms prescribed, prepared, and furnished by the director of taxation, a return statement of the tax under this section for which the distributor is liable for the preceding month together with a remittance for the amount of the tax in the form required by section 243-C. The form and payment of the tax shall be transmitted to the department of taxation in the appropriate district.

§243-C Carbon tax remittances; distribution to counties.

(a) All remittances of taxes imposed under this part shall be made by cash, bank drafts, check, cashier's check, money order, or certificate of deposit to the office of the taxation district to which the return was transmitted.

(b) Revenues collected under section 243-B shall be distributed in the following priority, with the excess revenues to be deposited into the general fund:

(1) $ shall be allocated to the sustainable farm and soil practices special fund established under section 141-B;
(2) $ shall be allocated to the community renewable energy special fund established under section 196-A;

(3) $ shall be allocated to the electric vehicle charging station special fund established under section 196-B;

(4) $ shall be allocated to the energy efficiency in state facilities special fund established under section 196-C;

(5) $ shall be allocated to the brownfields cleanup revolving loan fund established under section 201-18;

(6) $ shall be allocated to the green technology development special fund established under section 206M-B;

(7) $ shall be allocated to the sea level rise and flooding adaptation special fund established under section 225M- ;

(8) $ shall be allocated to the employment and training fund established under section 383-128;
(9) $ shall be allocated to the statewide recycling facilities special fund established under section 342G-; and

(10) $ shall be allocated as follows: Kauai county shall receive per cent, Hawaii county shall receive per cent, the city and county of Honolulu shall receive per cent, and Maui county shall receive per cent; provided further that of the amount allocated to each county, each county shall expend the funds as follows:

(A) per cent for the construction and maintenance of energy-efficient smart-grids;

(B) per cent to bury power and communication lines underground;

(C) per cent to upgrade water and sewer lines, including replacing water supply pipes containing lead with suitable materials;

(D) per cent for construction and maintenance of infrastructure to treat wastewater, greywater, stormwater, or subsurface drainage water and the
distribution of that recycled water for uses authorized by the department of health; and

(E) per cent to purchase and maintain electric vehicles for county use, including vehicles used for public transportation.

All carbon taxes shall be paid into the state treasury each month within ten days after collection and shall be kept by the state director of finance in special accounts for distribution as provided in this subsection.

(c) On or before January or July 1 of each year, the state director of finance shall compute and pay the amount due as provided in subsection (b) to the director of finance of each county to become a general realization of the county, except as otherwise provided by law.

(d) Every distributor shall keep in the State and preserve for five years a record in a form as the department of taxation shall prescribe showing the total amount of carbon dioxide emitted and taxes paid. The record shall show any other data and figures relevant to the enforcement and administration of this part as the department may require.
(e) As used in this section, "fiscal year" means the twelve-month period beginning on July 1 of a calendar year and ending on June 30 of the following calendar year.

§243-D **Carbon rating.** The department of health shall adopt rules specifying the basis for a carbon calculation on the emissions of carbon dioxide inherent in or associated with fossil fuels.

SECTION 3. Chapter 243, Hawaii Revised Statutes, is amended by designating sections 243-1 through 243-16 as part I and inserting a title before section 243-1 to read as follows:

"**PART I. GENERAL PROVISIONS**"

PART III

SECTION 4. Chapter 141, Hawaii Revised Statutes, is amended by adding two new sections to part I to be appropriately designated and to read as follows:

"**§141-A Sustainable farm and soil practices.**" (a) The department of agriculture shall establish sustainable farm and soil practices of:

(1) Thirty per cent of the land in the agriculture district by December 31, 2030;
(2) Fifty per cent of the land in the agriculture district by December 31, 2040; and

(3) Seventy per cent of the land in the agriculture district by December 31, 2050.

(b) To achieve the requirements established by subsection (a), the department of agriculture may:

(1) Establish standards by which any lessee may satisfy a percentage standard; and

(2) Provide incentives to lessees, including grants, lease extension, and reduced lease rents, to encourage or reward any lessee in increasing sustainable farm and soil practices.

§141-B Sustainable farm and soil practices special fund.

(a) There is established in the state treasury the sustainable farm and soil practices special fund into which shall be deposited the following moneys:

(1) A portion of the revenues from the carbon tax, as provided by section 243-C;

(2) Appropriations by the legislature to the special fund; and
(3) Gifts, donations, and grants from public agencies and private persons.

(b) Moneys in the sustainable farm and soil practices special fund shall be used for the purposes of section 141-A(b)(2)."

SECTION 5. There is appropriated out of the general revenues of the State of Hawaii the sum of $ 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 deposit into the sustainable farm and soil practices special fund.

There is appropriated out of the sustainable farm and soil practices special fund the sum of $ 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 promote and increase sustainable farm and soil practices.

The sums appropriated shall be expended by the department of agriculture for the purposes of this Act.
PART IV

SECTION 6. Chapter 196, Hawaii Revised Statutes, is amended by adding a new section to part I to be appropriately designated and to read as follows:

"§196-A Community renewable energy special fund. (a) There is established in the state treasury the community renewable energy special fund into which shall be deposited the following moneys:

(1) A portion of the revenues from the carbon tax, as provided by section 243-C;

(2) Appropriations by the legislature to the special fund; and

(3) Gifts, donations, and grants from public agencies and private persons.

(b) Moneys in the community renewable energy special fund shall be used to develop and implement community-owned and community-controlled renewable energy that implements justice-based transitions to assist current electrical utility employees to retain employment in the renewable energy sector."

SECTION 7. The state energy office shall study and develop models for community-owned and community-controlled renewable
energy appropriate for the various communities throughout the State along with justice-based transitions to assist current electrical utility employees to retain employment in the renewable energy sector. No later than twenty days prior to the convening of the regular session of 2020, the state energy office shall submit a report of its findings and recommendations, including proposed legislation and recommendations of where the initial community-owned or community-controlled renewable energy facilities should be established.

SECTION 8. There is appropriated out of the general revenues of the State of Hawaii the sum of $ 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 deposit into the community renewable energy special fund.

There is appropriated out of the community renewable energy special fund the sum of $ 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 state energy office to study and develop models for community-
owned and community-controlled renewable energy appropriate for
the various communities throughout the State, along with
justice-based transitions to assist current electrical utility
employees to retain employment in the renewable energy sector.
The sums appropriated shall be expended by the department
of business, economic development, and tourism for the purposes
of this Act.

PART V

SECTION 9. Chapter 196, Hawaii Revised Statutes, is
amended by adding a new section to part I to be appropriately
designated and to read as follows:

"§196-B Electric vehicle charging station special fund.
(a) There is established in the state treasury the electric
vehicle charging station special fund into which shall be
deposited the following moneys:

(1) A portion of the revenues from the carbon tax, as
provided by section 243-C;

(2) Appropriations by the legislature to the special fund;

and

(3) Gifts, donations, and grants from public agencies and
private persons."
(b) Moneys in the electric vehicle charging stations shall be used to install and maintain electric vehicle charging stations in the State."

SECTION 10. There is appropriated out of the general revenues of the State of Hawaii the sum of $ 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 deposit into the electric vehicle charging station special fund.

There is appropriated out of the electric vehicle charging station special fund the sum of $ 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 installation and maintenance of electric vehicle charging stations in the State.

The sums appropriated shall be expended by the department of business, economic development, and tourism for the purposes of this Act.
PART VI

SECTION 11. Chapter 196, Hawaii Revised Statutes, is amended by adding a new section to part II to be appropriately designated and to read as follows:

"§196-C Energy efficiency in state facilities special fund. (a) There is established in the state treasury the energy efficiency in state facilities special fund into which shall be deposited the following moneys:

(1) A portion of the revenues from the carbon tax, as provided by section 243-C;

(2) Appropriations by the legislature to the special fund;

and

(3) Gifts, donations, and grants from public agencies and private persons.

(b) Moneys in the energy efficiency in state facilities special fund shall be used for retro-commissioning of public buildings or investments in the efficiency of state facilities pursuant to section 196-30."

SECTION 12. There is appropriated out of the general revenues of the State of Hawaii the sum of $ 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 deposit into the energy efficiency in state facilities special fund.

There is appropriated out of the energy efficiency in state facilities special fund the sum of $ 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 retro-commissioning of public buildings or making of investments in the energy efficiency of state facilities.

The sums appropriated shall be expended by the department of accounting and general services for the purposes of this Act.

PART VII

SECTION 13. Section 201-18, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

"(a) There is established in the state treasury the brownfields cleanup revolving loan fund, into which shall be deposited:

(1) Funds from federal or private funding sources;

(2) Moneys received as repayment of loans and interest payments; [and]
(3) A portion of the revenues from the carbon tax, as
provided by section 243-C; and

(4) Any fees collected by the department under this
section."

PART VIII

SECTION 14. Chapter 206M, Hawaii Revised Statutes, is
amended by adding two new sections to part I to be appropriately
designated and to read as follows:

"§206M-A Green technology development program established.

(a) There is established within the development corporation,
the green technology development program, to assist Hawaii-based
businesses that are in the renewable energy, carbon neutral
energy use, or green technologies fields to optimize and export
research and development performed in Hawaii.

(b) Subject to available funds, the green technology
development program shall:

(1) Expend funds in the green technology development
special fund to support product development,
technology transfer, and commercialization;
(2) Provide capital to support accelerated commercialization activities for qualified Hawaii-based businesses;

(3) Provide capital to sustain high-potential infrastructure development to assist qualified Hawaii-based businesses towards commercial success; and

(4) Provide grants of up to $ to help enable a qualified Hawaii-based business achieve significant product development and technical milestones.

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

(d) The development corporation may adopt rules pursuant to chapter 91 necessary to carry out the purposes of this section.

(e) For purposes of this section "Hawaii-based business" means a company headquartered in the State.

§206M-B Green technology development special fund; established. There is established in the treasury of the State of Hawaii the green technology development special fund to be
administered by the development corporation pursuant to section 206M-A."

SECTION 15. There is appropriated out of the general revenues of the State of Hawaii the sum of $ 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 deposit into the green technology development special fund.

There is appropriated out of the green technology development special fund the sum of $ 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 green technology development program.

The sums appropriated shall be expended by the Hawaii technology development corporation for the purposes of this Act.

PART IX

SECTION 16. Chapter 225M, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

"§225M- Sea level rise and flooding adaptation special fund. (a) There is established in the state treasury the sea
level rise and flooding adaptation special fund into which shall be deposited the following moneys:

(1) A portion of the revenues from the carbon tax, as provided by section 243-C;

(2) Appropriations by the legislature to the special fund; and

(3) Gifts, donations, and grants from public agencies and private persons.

(b) Moneys in the sea level rise and flooding adaptation special fund shall be used for the purposes of section 225M-2(b)(9)(B)."

SECTION 17. Section 225M-2, Hawaii Revised Statutes, is amended by amending subsection (b) to read as follows:

"(b) The office of planning shall gather, analyze, and provide information to the governor to assist in the overall analysis and formulation of state policies and strategies to provide central direction and cohesion in the allocation of resources and effectuation of state activities and programs and effectively address current or emerging issues and opportunities. More specifically, the office shall engage in the following activities:
(1) State comprehensive planning and program coordination. Formulating and articulating comprehensive statewide goals, objectives, policies, and priorities, and coordinating their implementation through the statewide planning system established in part II of chapter 226;

(2) Strategic planning. Identifying and analyzing significant issues, problems, and opportunities confronting the State, and formulating strategies and alternative courses of action in response to identified problems and opportunities by:

(A) Providing in-depth policy research, analysis, and recommendations on existing or potential areas of critical state concern;

(B) Examining and evaluating the effectiveness of state programs in implementing state policies and priorities;

(C) Monitoring through surveys, environmental scanning, and other techniques—current social, economic, and physical conditions and trends; and
(D) Developing, in collaboration with affected public or private agencies and organizations, implementation plans and schedules and, where appropriate, assisting in the mobilization of resources to meet identified needs;

(3) Planning coordination and cooperation. Facilitating coordinated and cooperative planning and policy development and implementation activities among state agencies and between the state, county, and federal governments, by:

(A) Reviewing, assessing, and coordinating, as necessary, major plans, programs, projects, and regulatory activities existing or proposed by state and county agencies;

(B) Formulating mechanisms to simplify, streamline, or coordinate interagency development and regulatory processes; and

(C) Recognizing the presence of federal defense and security forces and agencies in the State as important state concerns;
(4) Statewide planning and geographic information system. Collecting, integrating, analyzing, maintaining, and disseminating various forms of data and information, including geospatial data and information, to further effective state planning, policy analysis and development, and delivery of government services by:

(A) Collecting, assembling, organizing, evaluating, and classifying existing geospatial and non-geospatial data and performing necessary basic research, conversions, and integration to provide a common database for governmental planning and geospatial analyses by state agencies;

(B) Planning, coordinating, and maintaining a comprehensive, shared statewide planning and geographic information system and associated geospatial database. The office shall be the lead agency responsible for coordinating the maintenance of the multi-agency, statewide planning and geographic information system and coordinating, collecting, integrating, and disseminating geospatial data sets that are used
to support a variety of state agency applications
and other spatial data analyses to enhance
decision-making. The office shall promote and
courage free and open data sharing among and
between all government agencies. To ensure the
maintenance of a comprehensive, accurate, up-to-
date geospatial data resource that can be drawn
upon for decision-making related to essential
public policy issues such as land use planning,
resource management, homeland security, and the
overall health, safety, and well-being of
Hawaii's citizens, and to avoid redundant data
development efforts, state agencies shall provide
to the shared system either their respective
geospatial databases or, at a minimum, especially
in cases of secure or confidential data sets that
cannot be shared or must be restricted, metadata
describing existing geospatial data. In cases
where agencies provide restricted data, the
office of planning shall ensure the security of
that data; and
(C) Maintaining a centralized depository of state and national planning references;

(5) Land use planning. Developing and presenting the position of the State in all boundary change petitions and proceedings before the land use commission, assisting state agencies in the development and submittal of petitions for land use district boundary amendments, and conducting periodic reviews of the classification and districting of all lands in the State, as specified in chapter 205;

(6) Coastal and ocean policy management. Carrying out the lead agency responsibilities for the Hawaii coastal zone management program, as specified in chapter 205A. Also, developing and maintaining an ocean and coastal resources information, planning, and management system further developing and coordinating implementation of the ocean resources management plan, and formulating ocean policies with respect to the exclusive economic zone, coral reefs, and national marine sanctuaries;

(7) Regional planning and studies. Conducting plans and studies to determine:
(A) The capability of various regions within the State to support projected increases in both resident populations and visitors;

(B) The potential physical, social, economic, and environmental impact on these regions resulting from increases in both resident populations and visitors;

(C) The maximum annual visitor carrying capacity for the State by region, county, and island; and

(D) The appropriate guidance and management of selected regions and areas of statewide critical concern.

The studies in subparagraphs (A) to (C) shall be conducted at appropriate intervals, but not less than once every five years;

(8) Regional, national, and international planning.

Participating in and ensuring that state plans, policies, and objectives are consistent, to the extent practicable, with regional, national, and international planning efforts;
(9) Climate adaptation planning. Conducting plans and studies and preparing reports as follows:

(A) Develop, monitor, and evaluate strategic climate adaptation plans and actionable policy recommendations for the State and counties addressing expected statewide climate change impacts identified under Act 286, Session Laws of Hawaii 2012, through the year 2050;

(B) Develop adaptation plans and actionable policy recommendations for the State and counties regarding the managed retreat of properties likely to be affected by sea level rise and flooding;

(C) Provide planning and policy guidance and assistance to state and county agencies regarding climate change; and

(D) Publish its findings, recommendations, and progress reports on actions taken no later than December 31, 2017, and its annual report to the governor and the legislature thereafter; and
(10) Smart growth and transit-oriented development. Acting as the lead agency to coordinate and advance smart growth and transit-oriented development planning within the State as follows:

(A) Identify transit-oriented development opportunities shared between state and county agencies, including relevant initiatives such as the department of health’s healthy Hawaii initiative and the Hawaii clean energy initiative;

(B) Refine the definition of "transit-oriented development" in the context of Hawaii, while recognizing the potential for smart growth development patterns in all locations;

(C) Clarify state goals for transit-oriented development and smart growth that support the principles of the Hawaii State Planning Act by preserving non-urbanized land, improving worker access to jobs, and reducing fuel consumption;
(D) Target transit-oriented development areas for significant increase in affordable housing and rental units;

(E) Conduct outreach to state agencies to help educate state employees about the ways they can support and benefit from transit-oriented development and the State's smart growth goals;

(F) Publicize coordinated state efforts that support smart growth, walkable neighborhoods, and transit-oriented development;

(G) Review state land use decision-making processes to identify ways to make transit-oriented development a higher priority and facilitate better and more proactive leadership in creating walkable communities and employment districts, even if transit will only be provided at a later date; and

(H) Approve all state agencies' development plans for parcels along the rail transit corridor. For the purposes of this subparagraph, "development plans" means conceptual land use plans that
identify the location and planned uses within a

defined area."

SECTION 18. There is appropriated out of the general
revenues of the State of Hawaii the sum of $ 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 deposit into the sea level rise and flooding
adaptation special fund.

There is appropriated out of the sea level rise and
flooding adaptation special fund the sum of $ 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 development of adaptation plans and actionable
policy recommendations for the State and counties regarding the
managed retreat of properties likely to be affected by sea level
rise and flooding.

The sums appropriated shall be expended by the office of
planning for the purposes of this Act.
PART X

SECTION 19. Chapter 342G, Hawaii Revised Statutes, is amended by adding a new part to be appropriately designated and to read as follows:

"PART . STATEWIDE RECYCLING FACILITIES

§342G- Statewide recycling facilities special fund.

(a) There is established in the state treasury the statewide recycling facilities special fund into which shall be deposited the following moneys:

(1) A portion of the revenues from the carbon tax, as provided by section 243-C;

(2) Appropriations by the legislature to the special fund; and

(3) Gifts, donations, and grants from public agencies and private persons.

(b) Moneys in the statewide recycling facilities special fund shall be used to develop and implement recycling facilities statewide."

SECTION 20. The office of solid waste management shall develop a plan to establish state-run recycling facilities throughout the State. The plan shall consider the feasibility
of establishing one or more recycling facilities in each county that will specialize in recycling a particular type of recyclable material. The office of solid waste management shall submit a report of its findings and recommendations, including any proposed legislation, to the legislature no later than twenty days prior to the convening of the regular session of 2021.

SECTION 21. There is appropriated out of the general revenues of the State of Hawaii the sum of $ 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 deposit into the statewide recycling facilities special fund.

There is appropriated out of statewide recycling facilities special fund the sum of $ 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 development of a plan to establish state-run recycling facilities throughout the State.

The sums appropriated shall be expended by the office of solid waste management for the purposes of this Act.
PART XI

SECTION 22. This Act does not affect rights and duties that matured, penalties that were incurred, and proceedings that were begun before its effective date.

SECTION 23. In codifying the new sections added by sections 2, 4, 6, 9, 11, and 14 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 24. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 25. This Act shall take effect on July 1, 2019.

INTRODUCED BY: [Signatures]
Report Title:
Carbon Dioxide Emissions; Carbon Tax; Environmental Protection; Counties; Appropriation

Description:
Imposes a tax of $15 for every ton of carbon dioxide emitted from the use of fossil fuel. Establishes various state and county sustainability initiatives. Appropriates moneys.

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