A BILL FOR AN ACT

RELATING TO THE STRUCTURE OF GOVERNMENT.

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

SECTION 1. The Hawaii Revised Statutes is amended by adding a new chapter to be appropriately designated and to read as follows:

"CHAPTER
ENERGY

§ -1 Definitions. As used in this chapter, unless the context indicates otherwise:

"Department" means the department of environment.

§ -10 State program for energy planning and conservation. The department shall develop a state program for energy planning and conservation. The program shall consist of short- and long-range planning for the development and adoption of methods to encourage voluntary conservation of gasoline, diesel oil, natural gas, propane, heating oils, other fuels, and electrical energy, and efficient development of new or alternative sources of these fuels and energy. The information resulting from the methods shall be disseminated to the people
of Hawaii through all forms of mass communication media, public and private schools, private and civic organizations, and all other appropriate means. Public information offices of other state and county agencies may be called upon for assistance in the development of the program.

§ -11 Renewable energy facilitator; establishment; duties. (a) There is established within the department the position of renewable energy facilitator, which shall be a full-time, temporary position exempt from chapters 76 and 89. The renewable energy facilitator shall possess a requisite level of knowledge and expertise in the areas of renewable energy, state and county permitting processes, and management necessary to carry out the duties of the position.

(b) The renewable energy facilitator shall have the following duties:

(1) Facilitate the efficient permitting of renewable energy projects, including:

(A) The land parcel on which the facility is situated;

(B) Any renewable energy production structure or equipment;
(C) Any energy transmission line from the facility to a public utility's electricity system; and

(D) Any on-site infrastructure necessary for the production of electricity or biofuel from the renewable energy site;

(2) Initiate the implementation of key renewable energy projects by permitting various efficiency improvement strategies identified by the department;

(3) Administer the day-to-day coordination for renewable energy projects on behalf of the department; and

(4) Submit periodic reports to the legislature on renewable energy facilitation activities.

(c) The renewable energy facilitator position shall be funded by the energy security special fund.

§ -12 Energy security special fund; uses. (a) There is created within the state treasury an energy security special fund, which shall consist of:

(1) The portion of the environmental response, energy, and food security tax specified under section 243-3.5;

(2) Moneys appropriated to the fund by the legislature;
(3) All interest attributable to investment of money deposited in the fund; and

(4) Moneys allotted to the fund from other sources, including under section 196-6.5.

(b) Subject to legislative appropriation, moneys from the fund may be expended by the department for the following purposes and used for no other purposes, except for those set forth in this section:

(1) To support the Hawaii clean energy initiative program, including its energy division, including funding staff positions within the division, and projects that ensure dependable, efficient, and economical energy, promote energy self-sufficiency, and provide greater energy security for the State;

(2) To fund the renewable energy facilitator pursuant to section -11 and any other positions necessary for the purposes of paragraph (1) as determined by the legislature; and

(3) To fund, to the extent possible, the greenhouse gas emissions reduction task force, climate change task force, grants-in-aid to the economic development
boards of each county, and grants-in-aid to economic
development agencies of each county to meet the stated
objectives of the Hawaii clean energy initiative
program.

(c) The department shall submit a report to the
legislature, no later than twenty days prior to the convening of
each regular session, on the status and progress of existing
programs and activities and the status of new programs and
activities funded by the energy security special fund. The
report shall also include:

(1) The spending plan of the energy security special fund;
(2) All expenditures of energy security special fund
moneys; and
(3) The targeted markets of the expenditures, including
the reason for selecting those markets; the persons to
be served; and the specific objectives of the
expenditures, including measurable outcomes.

§ -13 Building energy efficiency revolving loan fund.

(a) There is established in the state treasury the building
energy efficiency revolving loan fund, which shall be
administered by the department, and into which shall be deposited:

(1) Funds from federal, state, county, private, or other funding sources;

(2) Moneys received as repayment of loans and interest payments; and

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

(b) Moneys in the building energy efficiency revolving loan fund shall be used to provide low or no interest loans or other authorized financial assistance to eligible public, private, and nonprofit borrowers to make energy efficiency improvements in buildings. Moneys from the fund may be used to cover administrative and legal costs of fund management and management associated with individual loans, to include personnel, services, technical assistance, data collection and reporting, materials, equipment, and travel for the purposes of this section.

(c) Appropriations or authorizations from the fund shall be expended by the department. The department may contract with other public or private entities for the provision of all or a
portion of the services necessary for the administration and
implementation of the loan fund program. The department may set
fees or charges for fund management and technical site
assistance provided under this section. The department may
adopt rules pursuant to chapter 91 to carry out the purposes of
this section.

(d) All interest earned on the deposit or investment of
the moneys in the fund shall become a part of the fund.

(e) The department may establish subaccounts within the
fund as necessary.

§ -14 Office of climate change and sustainability,
establishment; responsibilities. (a) There is established
within the department an office of climate change and
sustainability. The head of the office shall be known as the
director of the office of climate change and sustainability.
The director of the office of climate change and sustainability
shall be nominated by the governor and, by and with the advice
and consent of the senate, appointed by the governor without
regard to chapter 76, and shall be compensated at a salary level
set by the governor. The director of the office of climate
change and sustainability shall be included in any benefit
program generally applicable to the officers and employees of the State. The director of the office of climate change and sustainability shall retain staff as may be necessary for the purposes of this chapter, in conformity with chapter 76. The director of the office of climate change and sustainability shall report to the director of environment and shall not be required to report directly to any other principal executive department.

(b) The office of climate change and sustainability 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 regarding climate change and sustainability. The office shall engage in the following activities:

(1) State comprehensive planning and program coordination. Formulate and articulate comprehensive statewide goals, objectives, policies, and priorities, and coordinating their implementation through section
226-108 of the statewide planning system established
in part II of chapter 226; and

(2) 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) Provide planning and policy guidance and
assistance to state and county agencies regarding
climate change; and
(C) Publish its findings, recommendations, progress
reports, and its annual reports to the governor
and the legislature."

SECTION 2. Chapter 26, Hawaii Revised Statutes, is amended
by adding a new section to be appropriately designated and to
read as follows:
"§26- Department of environment. (a) The department of environment shall be headed by a single executive to be known as the director of environment.

   The department shall administer programs designed to protect, preserve, and improve the environment.

   (b) The functions and authority exercised by the office of environmental quality control, the environmental council, the state energy office, and the sustainability program administered by the office of planning are transferred to the department of environment established by this chapter."

SECTION 3. Section 26-4, Hawaii Revised Statutes, is amended to read as follows:

"§26-4 Structure of government. Under the supervision of the governor, all executive and administrative offices, departments, and instrumentalities of the state government and their respective functions, powers, and duties shall be allocated among and within the following principal departments that are hereby established:

   (1) Department of human resources development (Section 26-5)
(2) Department of accounting and general services (Section 26-6)

(3) Department of the attorney general (Section 26-7)

(4) Department of budget and finance (Section 26-8)

(5) Department of commerce and consumer affairs (Section 26-9)

(6) Department of taxation (Section 26-10)

(7) University of Hawaii (Section 26-11)

(8) Department of education (Section 26-12)

(9) Department of health (Section 26-13)

(10) Department of human services (Section 26-14)

(11) Department of land and natural resources (Section 26-15)

(12) Department of agriculture (Section 26-16)

(13) Department of Hawaiian home lands (Section 26-17)

(14) Department of business, economic development, and tourism (Section 26-18)

(15) Department of transportation (Section 26-19)

(16) Department of labor and industrial relations (Section 26-20)

(17) Department of defense (Section 26-21)
(18) Department of public safety (Section 26-14.6)[–]

(19) Department of environment (Section 26–)."

SECTION 4. Section 26-56, Hawaii Revised Statutes, is amended by amending subsection (b) to read as follows:

"(b) The commission shall review and recommend an appropriate salary for the governor, lieutenant governor, members of the legislature, justices and judges of all state courts, administrative director of the State or an equivalent position, and department heads or executive officers and the deputies or assistants to the department heads of the departments of:

(1) Accounting and general services;
(2) Agriculture;
(3) The attorney general;
(4) Budget and finance;
(5) Business, economic development, and tourism;
(6) Commerce and consumer affairs;
(7) Defense;
(8) Environment;
(9) Hawaiian home lands;
(10) Health;
[+10+] (11) Human resources development;
[+12+] (13) Labor and industrial relations;
[+13+] (14) Land and natural resources;
[+14+] (15) Public safety;
[+15+] (16) Taxation; and
[+16+] (17) Transportation.

The commission shall not review the salary of any position in the department of education or the University of Hawaii.

The commission may recommend different salaries for department heads and executive officers and different salary ranges for deputies or assistants to department heads; provided that the commission shall recommend the same salary range for deputies or assistants to department heads within the same department; provided further that the appointing official shall specify the salary for a particular position within the applicable range.

The commission shall not recommend salaries lower than salary amounts recommended by prior commissions replaced by this section."
SECTION 5. Section 76-16, Hawaii Revised Statutes, is amended by amending subsection (b) to read as follows:

"(b) The civil service to which this chapter applies shall comprise all positions in the State now existing or hereafter established and embrace all personal services performed for the State, except the following:

(1) Commissioned and enlisted personnel of the Hawaii National Guard as such, and positions in the Hawaii National Guard that are required by state or federal laws or regulations or orders of the National Guard to be filled from those commissioned or enlisted personnel;

(2) Positions filled by persons employed by contract where the director of human resources development has certified that the service is special or unique or is essential to the public interest and that, because of circumstances surrounding its fulfillment, personnel to perform the service cannot be obtained through normal civil service recruitment procedures. Any such contract may be for any period not exceeding one year;
(3) Positions that must be filled without delay to comply with a court order or decree if the director determines that recruitment through normal recruitment civil service procedures would result in delay or noncompliance, such as the Felix-Cayetano consent decree;

(4) Positions filled by the legislature or by either house or any committee thereof;

(5) Employees in the office of the governor and office of the lieutenant governor, and household employees at Washington Place;

(6) Positions filled by popular vote;

(7) Department heads, officers, and members of any board, commission, or other state agency whose appointments are made by the governor or are required by law to be confirmed by the senate;

(8) Judges, referees, receivers, masters, jurors, notaries public, land court examiners, court commissioners, and attorneys appointed by a state court for a special temporary service;
(9) One bailiff for the chief justice of the supreme court who shall have the powers and duties of a court officer and bailiff under section 606-14; one secretary or clerk for each justice of the supreme court, each judge of the intermediate appellate court, and each judge of the circuit court; one secretary for the judicial council; one deputy administrative director of the courts; three law clerks for the chief justice of the supreme court, two law clerks for each associate justice of the supreme court and each judge of the intermediate appellate court, one law clerk for each judge of the circuit court, two additional law clerks for the civil administrative judge of the circuit court of the first circuit, two additional law clerks for the criminal administrative judge of the circuit court of the first circuit, one additional law clerk for the senior judge of the family court of the first circuit, two additional law clerks for the civil motions judge of the circuit court of the first circuit, two additional law clerks for the criminal motions judge of the circuit court of the first circuit.
circuit, and two law clerks for the administrative judge of the district court of the first circuit; and one private secretary for the administrative director of the courts, the deputy administrative director of the courts, each department head, each deputy or first assistant, and each additional deputy, or assistant deputy, or assistant defined in paragraph (16); (10) First deputy and deputy attorneys general, the administrative services manager of the department of the attorney general, one secretary for the administrative services manager, an administrator and any support staff for the criminal and juvenile justice resources coordination functions, and law clerks; (11) (A) Teachers, principals, vice-principals, complex area superintendents, deputy and assistant superintendents, other certificated personnel, not more than twenty noncertificated administrative, professional, and technical personnel not engaged in instructional work;
(B) Effective July 1, 2003, teaching assistants, educational assistants, bilingual/bicultural school-home assistants, school psychologists, psychological examiners, speech pathologists, athletic health care trainers, alternative school work study assistants, alternative school educational/supportive services specialists, alternative school project coordinators, and communications aides in the department of education;

(C) The special assistant to the state librarian and one secretary for the special assistant to the state librarian; and

(L) Members of the faculty of the University of Hawaii, including research workers, extension agents, personnel engaged in instructional work, and administrative, professional, and technical personnel of the university;

(12) Employees engaged in special, research, or demonstration projects approved by the governor;
(13) (A) Positions filled by inmates, patients of state institutions, persons with severe physical or mental disabilities participating in the work experience training programs;

(B) Positions filled with students in accordance with guidelines for established state employment programs; and

(C) Positions that provide work experience training or temporary public service employment that are filled by persons entering the workforce or persons transitioning into other careers under programs such as the federal Workforce Investment Act of 1998, as amended, or the Senior Community Service Employment Program of the Employment and Training Administration of the United States Department of Labor, or under other similar state programs;

(14) A custodian or guide at Iolani Palace, the Royal Mausoleum, and Hulihee Palace;

(15) Positions filled by persons employed on a fee, contract, or piecework basis, who may lawfully perform
their duties concurrently with their private business
or profession or other private employment and whose
duties require only a portion of their time, if it is
impracticable to ascertain or anticipate the portion
of time to be devoted to the service of the State;
(16) Positions of first deputies or first assistants of
each department head appointed under or in the manner
provided in section 6, article V, of the Hawaii State
Constitution; three additional deputies or assistants
either in charge of the highways, harbors, and
airports divisions or other functions within the
department of transportation as may be assigned by the
director of transportation, with the approval of the
governor; four additional deputies in the department
of health, each in charge of one of the following:
behavioral health, environmental health, hospitals,
and health resources administration, including other
functions within the department as may be assigned by
the director of health, with the approval of the
governor; an administrative assistant to the state
librarian; and an administrative assistant to the superintendent of education;

(17) Positions specifically exempted from this part by any other law; provided that:

(A) Any exemption created after July 1, 2014, shall expire three years after its enactment unless affirmatively extended by an act of the legislature; and

(B) All of the positions defined by paragraph (9) shall be included in the position classification plan;

(18) Positions in the state foster grandparent program and positions for temporary employment of senior citizens in occupations in which there is a severe personnel shortage or in special projects;

(19) Household employees at the official residence of the president of the University of Hawaii;

(20) Employees in the department of education engaged in the supervision of students during meal periods in the distribution, collection, and counting of meal
tickets, and in the cleaning of classrooms after school hours on a less than half-time basis;

(21) Employees hired under the tenant hire program of the Hawaii public housing authority; provided that not more than twenty-six per cent of the authority's workforce in any housing project maintained or operated by the authority shall be hired under the tenant hire program;

(22) Positions of the federally funded expanded food and nutrition program of the University of Hawaii that require the hiring of nutrition program assistants who live in the areas they serve;

(23) Positions filled by persons with severe disabilities who are certified by the state vocational rehabilitation office that they are able to perform safely the duties of the positions;

(24) The sheriff;

(25) A gender and other fairness coordinator hired by the judiciary;

(26) Positions in the Hawaii National Guard youth and adult education programs;
(27) In the state energy office in the department of [business, economic development, and tourism,] environment all energy program managers, energy program specialists, energy program assistants, and energy analysts; and
(28) Administrative appeals hearing officers in the department of human services.

The director shall determine the applicability of this section to specific positions.

Nothing in this section shall be deemed to affect the civil service status of any incumbent as it existed on July 1, 1955."

SECTION 6. Section 107-22, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

"(a) There is established a state building code council. The council shall be placed within the department of accounting and general services for administrative purposes only. The council shall consist of eleven voting members and one nonvoting member, who shall be the comptroller or the comptroller's designee. The council members shall serve four-year terms. The voting members shall include:
(1) One county building official from each of the four counties appointed by the mayor;

(2) One member representing the state fire council;

(3) One member representing the department of labor and industrial relations who has significant experience in elevator safety;

(4) One member representing the state energy office of the department of [business, economic development, and tourism] environment;

(5) One member representing the Structural Engineers Association of Hawaii;

(6) One member representing the American Institute of Architects, Hawaii State Council;

(7) One member representing the Building Industry Association of Hawaii or the General Contractors Association of Hawaii, who has significant experience with building codes, with alternating four-year terms between the two organizations and the first four-year term to be served by the Building Industry Association of Hawaii; and
(8) One member representing the Subcontractors' Association of Hawaii who has significant experience with building codes."

SECTION 7. Section 196-3, Hawaii Revised Statutes, is amended to read as follows:

"§196-3 Energy resources coordinator. The director of [business, economic development, and tourism] environment shall serve as the energy resources coordinator."

SECTION 8. Section 196-6.5, Hawaii Revised Statutes, is amended by amending subsection (c) to read as follows:

"(c) The director of [business, economic development, and tourism] environment may adopt rules pursuant to chapter 91 to impose and collect fees to cover the costs of administering variances under this section. The fees, if any, shall be deposited into the energy security special fund established under section [201-12.8] —12."

SECTION 9. Section 196-10, Hawaii Revised Statutes, is amended to read as follows:

"[§]§196-10f] Hawaii renewable hydrogen program. There is established, within the department of [business, economic development, and tourism] environment, a Hawaii renewable
hydrogen program to manage the State's transition to a renewable hydrogen economy. The program shall design, implement, and administer activities that include:

1. Strategic partnerships for the research, development, testing, and deployment of renewable hydrogen technologies;

2. Engineering and economic evaluations of Hawaii's potential for renewable hydrogen use and near-term project opportunities for the State's renewable energy resources;

3. Electric grid reliability and security projects that will enable the integration of a substantial increase of electricity from renewable energy resources on the island of Hawaii;

4. Hydrogen demonstration projects, including infrastructure for the production, storage, and refueling of hydrogen vehicles;

5. A statewide hydrogen economy public education and outreach plan focusing on the island of Hawaii, to be developed in coordination with Hawaii's public education institutions;
(6) Promotion of Hawaii's renewable hydrogen resources to potential partners and investors;

(7) A plan, for implementation during the years 2007 to 2010, to more fully deploy hydrogen technologies and infrastructure capable of supporting the island of Hawaii's energy needs, including:

(A) Expanded installation of hydrogen production facilities;

(B) Development of integrated energy systems, including hydrogen vehicles;

(C) Construction of additional hydrogen refueling stations; and

(D) Promotion of building design and construction that fully incorporates clean energy assets, including reliance on hydrogen-fueled energy generation;

(8) A plan, for implementation during the years 2010 to 2020, to transition the island of Hawaii to a hydrogen-fueled economy and to extend the application of the plan throughout the State; and

(9) Evaluation of policy recommendations to:
(A) Encourage the adoption of hydrogen-fueled vehicles;

(B) Continually fund the hydrogen investment capital special fund; and

(C) Support investment in hydrogen infrastructure, including production, storage, and dispensing facilities."

SECTION 10. Section 196-10.5, Hawaii Revised Statutes, is amended to read as follows:

"[§]§196-10.5[ ] Hawaii clean energy initiative program. (a) There is established within the department of [business, economic development, and tourism] environment, a Hawaii clean energy initiative program to manage the State's transition to a clean energy economy. The clean energy program shall design, implement, and administer activities that include:

(1) Strategic partnerships for the research, development, testing, deployment, and permitting of clean and renewable technologies;

(2) Engineering and economic evaluations of Hawaii's potential for near-term project opportunities for the State's renewable energy resources;
(3) Electric grid reliability and security projects that will enable the integration of a substantial increase of electricity from renewable-energy resources;

(4) A statewide clean energy public education and outreach plan to be developed in coordination with Hawaii's institutions of public education;

(5) Promotion of Hawaii's clean and renewable resources to potential partners and investors;

(6) A plan, to be implemented from 2011 to 2030, to transition the State to a clean energy economy; and

(7) A plan, to be implemented from 2011 to 2030, to assist each county in transitioning to a clean energy economy.

(b) Prior to the initiation of any activities authorized under subsection (a), the department of [business, economic development, and tourism] environment shall develop a plan of action with the intent of promoting effective prioritization and focusing of efforts consistent with the State's energy programs and objectives.

(c) The department of [business, economic development, and tourism] environment shall submit a report to the legislature no
later than twenty days prior to the convening of each regular
session on the status and progress of new and existing clean
energy initiatives. The report shall also include:

(1) The spending plan of the Hawaii clean energy
initiative program;
(2) All expenditures of energy security special fund
moneys; and
(3) The targeted markets of the expenditures, including
reasons for selecting those markets, the persons to be
served, specific objectives of the program, and
program expenditures, including measurable outcomes."

SECTION 11. 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[1], except for section 226-108;

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

(C) 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

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 12. Section 225P-4, Hawaii Revised Statutes, is amended as follows:

1. By amending subsection (a) to read:

"(a) The greenhouse gas sequestration task force is established within the office of [planning] climate change and
sustainability for administrative purposes only. The task force shall have the following objectives:

(1) Work with public and private stakeholders to establish a baseline for greenhouse gas emissions within Hawaii and short- and long-term benchmarks for increasing greenhouse gas sequestration in the State's agricultural and natural environment;

(2) Identify appropriate criteria to measure baseline levels and increases in greenhouse gas sequestration, improvements in soil health, increases in agricultural and aquacultural product yield and quality attributable to greenhouse gas sequestration and improvements in soil health, and other key indicators of greenhouse gas benefits from beneficial agricultural and aquacultural practices that may be used to create a certification program for promoting agricultural and aquacultural practices that generate greenhouse gas benefits and agricultural and aquacultural production benefits;

(3) Identify land and marine use policies, agricultural policies, agroforestry policies, and mitigation
options that would encourage agricultural and
aquacultural practices and land use practices that
would promote increased greenhouse gas sequestration,
built healthy soils, and provide greenhouse gas
benefits;

(4) Identify ways to increase the generation and use of
compost in Hawaii to build healthy soils;

(5) Identify practices and policies that add trees or
vegetation to expand the urban tree canopy in urban
areas to reduce ambient temperatures, increase climate
resiliency, and improve greenhouse gas sequestration
in Hawaii; and

(6) Make recommendations to the legislature and governor
regarding measures that would increase climate
resiliency, build healthy soils, provide greenhouse
gas benefits, or cool urban areas."

2. By amending subsection (c) to read:

"(c) The membership of the greenhouse gas sequestration
task force shall be as follows:
The director of the office of climate change and sustainability or the director's designee, who shall serve as chairperson;

(2) The chairperson of the board of agriculture or the chairperson's designee;

(3) The chairperson of the board of land and natural resources or the chairperson's designee;

(4) The director of transportation or the director's designee;

(5) The deputy director of the department of health's environmental health administration or the deputy director's designee, director of environment or the director's designee;

(6) The director of the office of environmental quality control or the director's designee;

(7) The director of the environmental law program at the University of Hawaii at Manoa William S. Richardson school of law;

(8) The administrator of the division of forestry and wildlife within the department of land and natural resources or the administrator's designee;
(9) One member who is also a member of the climate change mitigation and adaptation commission;

(10) One researcher from the college of tropical agriculture and human resources at the University of Hawaii at Manoa;

(11) One extension agent from the college of tropical agriculture and human resources at the University of Hawaii at Manoa;

(12) Four members, one each to be appointed by the respective mayors of the city and county of Honolulu, and the counties of Hawaii, Kauai, and Maui; and

(13) Four members to be jointly selected and invited to participate by the president of the senate and the speaker of the house of representatives, of which two members shall be selected from an environmental nonprofit organization, and two members shall be selected from an agricultural or ranching association.

Task force members may recommend to the task force additional members with appropriate specialized expertise, subject to approval by the chairperson."

3. By amending subsection (f) to read:
"(f) The office of [planning climate change and sustainability shall provide administrative and clerical support required by the task force."

SECTION 13. Section 225P-6, Hawaii Revised Statutes, is amended by amending subsections (a) and (b) to read as follows:

"(a) The office of [planning climate change and sustainability in partnership with the greenhouse gas sequestration task force shall investigate and establish a carbon offset program 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) Is consistent with the State's sustainability goals and policies.

(b) The office of [planning] climate change and sustainability 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."

SECTION 14. Section 243-3.5, Hawaii Revised Statutes, is amended by amending subsection (b) to read as follows:

"(b) In addition to subsection (a), the tax shall also be imposed on each one million British thermal units of fossil fuel sold by a distributor to any retail dealer or end user, other than a refiner, of fossil fuel. The tax shall be 19 cents on
each one million British thermal units of fossil fuel; provided that of the tax collected pursuant to this subsection:

(1) 4.8 per cent of the tax on each one million British thermal units shall be deposited into the environmental response revolving fund established under section 128D-2;

(2) 14.3 per cent of the tax on each one million British thermal units shall be deposited into the energy security special fund established under section [201-12.8]—12;

(3) 9.5 per cent of the tax on each one million British thermal units shall be deposited into the energy systems development special fund established under section 304A-2169.1; and

(4) 14.3 per cent of the tax on each one million British thermal units shall be deposited into the agricultural development and food security special fund established under section 141-10.

The tax imposed by this subsection shall be paid by the distributor of the fossil fuel."
SECTION 15. Section 341-3, Hawaii Revised Statutes, is amended as follows:

1. By amending subsection (a) to read:

"(a) There is created an office of environmental quality control that shall be headed by a single executive to be known as the director of environmental quality control who shall be appointed by the governor as provided in section 26-34. This office shall implement this chapter and shall be placed within the department of [health] environment for administrative purposes. The office shall perform its duties under chapter 343 and shall serve the governor in an advisory capacity on all matters relating to environmental quality control."

2. By amending subsection (c) to read:

"(c) There is created an environmental council not to exceed fifteen members. Except for the director, members of the environmental council shall be appointed by the governor as provided in section 26-34. The council shall be attached to the department of [health] environment for administrative purposes. Except for the director, the term of each member shall be four years; provided that, of the members initially appointed, five members shall serve for four years, five members shall serve for
three years, and the remaining four members shall serve for two
years. Vacancies shall be filled for the remainder of any
unexpired term in the same manner as original appointments. The
director shall be an ex officio voting member of the council.
The council chairperson shall be elected by the council from
among the appointed members of the council.

Members shall be appointed to assure a broad and balanced
representation of educational, business, and environmentally
pertinent disciplines and professions, such as the natural and
social sciences, the humanities, architecture, engineering,
environmental consulting, public health, and planning;
educational and research institutions with environmental
competence; agriculture, real estate, visitor industry,
construction, media, and voluntary community and environmental
groups. The members of the council shall serve without
compensation but shall be reimbursed for expenses, including
travel expenses, incurred in the discharge of their duties."

SECTION 16. Section 201-12, Hawaii Revised Statutes, is
repealed.

["§201-12] State program for energy planning and
conservation. The department shall develop a state program for
energy planning and conservation. The program shall consist of short and long-range planning for the development and promulgation of methods to encourage voluntary conservation of gasoline, diesel oil, natural gas, propane, heating oils, other fuels, and electrical energy, and efficient development of new or alternative sources of such fuels and energy. The information resulting from such methods is to be disseminated to the people of Hawaii through all forms of mass communication media, public and private schools, private and civic organizations, and all other appropriate means. Public information offices of other state and county agencies may be called upon for assistance in the development of such program.

SECTION 17. Section 201-12.5, Hawaii Revised Statutes, is repealed. "$201-12.5—Renewable energy facilitator; establishment; duties. (a) There is established within the department of business, economic development, and tourism the position of renewable energy facilitator, which shall be a full time, temporary position exempt from chapters 76 and 89. The renewable energy facilitator shall possess a requisite level of knowledge and expertise in the areas of renewable energy, state
and county permitting processes, and management necessary to
carry out the duties of the position.

(b) The renewable energy facilitator shall have the
following duties:

(1) Facilitate the efficient permitting of renewable
energy projects, including:

(A) The land parcel on which the facility is
situatéd;

(B) Any renewable energy production structure or
equipment;

(C) Any energy transmission line from the facility to
a public utility's electricity system; and

(D) Any on-site infrastructure necessary for the
production of electricity or biofuel from the
renewable energy site;

(2) Initiate the implementation of key renewable energy
projects by permitting various efficiency improvement
strategies identified by the department;

(3) Administer the day-to-day coordination for renewable
energy projects on behalf of the department; and
(4) Submit periodic reports to the legislature on renewable energy facilitation activities.

(c) The renewable energy facilitator position shall be funded by the energy security special fund.

SECTION 18. Section 201-12.8, Hawaii Revised Statutes, is repealed.

["201-12.8—Energy security special fund; uses. (a)

There is created within the state treasury an energy security special fund, which shall consist of;

(1) The portion of the environmental response, energy, and food security tax specified under section 243-3.5;

(2) Moneys appropriated to the fund by the legislature;

(3) All interest attributable to investment of money deposited in the fund; and

(4) Moneys allotted to the fund from other sources, including under section 196-6.5.

(b) Subject to legislative appropriation, moneys from the fund may be expended by the department of business, economic development, and tourism for the following purposes and used for no other purposes, except for those set forth in this section:
(1) To support the Hawaii clean energy initiative program, including its energy division, including funding staff positions within the division, and projects that ensure dependable, efficient, and economical energy; promote energy self-sufficiency, and provide greater energy security for the State;

(2) To fund the renewable energy facilitator pursuant to section 201-12.5 and any other positions necessary for the purposes of paragraph (1) as determined by the legislature; and

(3) To fund, to the extent possible, the greenhouse gas emissions reduction task force, climate change task force, grants in aid to the economic development boards of each county, and grants in aid to economic development agencies of each county to meet the stated objectives of the Hawaii clean energy initiative program.

(c) The department of business, economic development, and tourism shall submit a report to the legislature, no later than twenty days prior to the convening of each regular session, on the status and progress of existing programs and activities and
the status of new programs and activities funded by the energy security special fund. The report shall also include:

(1) The spending plan of the energy security special fund;
(2) All expenditures of energy security special fund moneys; and
(3) The targeted markets of the expenditures, including the reason for selecting those markets, the persons to be served, and the specific objectives of the expenditures, including measurable outcomes.

SECTION 19. Section 201-20, Hawaii Revised Statutes, is repealed.

"[§201-20] Building energy efficiency revolving loan fund. (a) There is established in the state treasury the building energy efficiency revolving loan fund which shall be administered by the department, and into which shall be deposited:

(1) Funds from federal, state, county, private, or other funding sources;
(2) Moneys received as repayment of loans and interest payments; and
(3) Any fees collected by the department under this section.

(b) Moneys in the building energy efficiency revolving loan fund shall be used to provide low or no interest loans or other authorized financial assistance to eligible public, private, and nonprofit borrowers to make energy efficiency improvements in buildings. Moneys from the fund may be used to cover administrative and legal costs of fund management and management associated with individual loans, to include personnel, services, technical assistance, data collection and reporting, materials, equipment, and travel for the purposes of this section.

(c) Appropriations or authorizations from the fund shall be expended by the department. The department may contract with other public or private entities for the provision of all or a portion of the services necessary for the administration and implementation of the loan fund program. The department may set fees or charges for fund management and technical site assistance provided under this section. The department may adopt rules pursuant to chapter 91 to carry out the purposes of this section.
(d) All interest earned on the deposit or investment of the moneys in the fund shall become a part of the fund.

(c) The department may establish subaccounts within the fund as necessary."

SECTION 20. All rights, powers, functions, and duties of the department of health and the department of business, economic development, and tourism relating to the office of environmental quality control, the environmental council, the energy office, and the programs relating to sustainability and climate adaptation planning in the office of planning are transferred to the department of environment.

All employees who occupy civil service positions and whose functions are transferred to the department of environment by this Act shall retain their civil service status, whether permanent or temporary. Employees shall be transferred without loss of salary, seniority (except as prescribed by applicable collective bargaining agreements), retention points, prior service credit, any vacation and sick leave credits previously earned, and other rights, benefits, and privileges, in accordance with state personnel laws and this Act; provided that the employees possess the minimum qualifications and public
employment requirements for the class or position to which
transferred or appointed, as applicable; provided further that
subsequent changes in status may be made pursuant to applicable
civil service and compensation laws.

Any employee who, prior to this Act, is exempt from civil
service and is transferred as a consequence of this Act may
retain the employee's exempt status, but shall not be appointed
to a civil service position as a consequence of this Act. An
exempt employee who is transferred by this Act shall not suffer
any loss of prior service credit, vacation or sick leave credits
previously earned, or other employee benefits or privileges as a
consequence of this Act; provided that the employees possess
legal and public employment requirements for the position to
which transferred or appointed, as applicable; provided further
that subsequent changes in status may be made pursuant to
applicable employment and compensation laws. The director of
environment may prescribe the duties and qualifications of these
employees and fix their salaries without regard to chapter 76,
Hawaii Revised Statutes.

SECTION 21. All appropriations, records, equipment,
machines, files, supplies, contracts, books, papers, documents,
maps, and other personal property heretofore made, used,
acquired, or held by the department of health and the department
of business, economic development, and tourism relating to the
functions transferred to the department of environment shall be
transferred with the functions to which they relate.

SECTION 22. All rules, policies, procedures, guidelines,
and other material adopted or developed by the department of
health and the department of business, economic development, and
tourism to implement provisions of the Hawaii Revised Statutes
which are reenacted or made applicable to the department of
environment by this Act, shall remain in full force and effect
until amended or repealed by the department of environment
pursuant to chapter 91, Hawaii Revised Statutes. In the
interim, every reference to the department of health or the
department of business, economic development, and tourism or
director of health or director of business, economic
development, and tourism in those rules, policies, procedures,
guidelines, and other material is amended to refer to the
department of environment or director of environment as
appropriate.
SECTION 23. Until the salary of the director of environment is otherwise set pursuant to section 26-56, Hawaii Revised Statutes, the director of environment shall be deemed a tier 2 position in the commission on salaries report and recommendations to the 2019 legislature.

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, 2020.

INTRODUCED BY: [Signature]
JAN 2 4 2019
Report Title:
Environment; Health; Business, Economic Development, and Tourism

Description:
Establishes and transfers to a Department of Environment certain agencies and programs administered by the Department of Health (the Office of Environmental Quality Control and the Environmental Council) and the Department of Business, Economic Development, and Tourism (the Energy Office and programs relating to sustainability and climate adaptation planning in the Office of Planning).

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