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# A BILL FOR AN ACT

RELATING TO THE ENERGY SECURITY SPECIAL FUND.

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

1           SECTION 1. The legislature finds that the development and  
2 utilization of innovative technologies will aid in Hawaii's  
3 ability to achieve its clean energy and sustainability goals  
4 within the aggressive timelines established.

5           The legislature also finds that a recent report, "Troubled  
6 Waters: Charting a New Fiscal Course for Hawaii", authored by  
7 the Committee on Government and Civic Engagement for the Hawai'i  
8 Executive Conference, finds that "future natural disaster and  
9 climate changes improvements over the next thirty years will  
10 likely surpass our current \$15.3 billion estimate." Indeed, the  
11 State will meet its zero emissions clean economy target set  
12 forth in section 225P-5, Hawaii Revised Statutes, only through  
13 thoughtful interconnectivity and coordination of innovative  
14 technologies in the areas of energy, transportation,  
15 agriculture, and water.

16           The legislature further finds that public-private  
17 partnerships are necessary to encourage and support the



1 development and commercialization of such technologies. The  
2 State has resources available through the energy security  
3 special fund that can be directed, in part, to provide funds to  
4 facilitate technology development ripe for project deployment  
5 and commercialization. This type of targeted and strategic  
6 support is critical for companies facing the so-called  
7 "commercialization valley of death", a widely recognized funding  
8 gap that exists between early-stage support offered by angel  
9 investors and institutional investors and growth capital support  
10 historically provided by venture capital and strategic  
11 investors.

12 The purpose of this Act is to:

- 13 (1) Amend the uses of the energy security special fund to  
14 allow the Hawaii state energy office to enter into  
15 public-private partnerships with certain not-for-  
16 profit entities to support the commercialization of  
17 technologies that will further Hawaii's clean energy  
18 and sustainability goals and benefit Hawaii's economy;  
19 and
- 20 (2) Increase the allocation of funding to the energy  
21 security special fund that is deposited from the state



1 environmental response, energy, and food security tax  
2 from 5 cents to 15 cents per barrel, to ensure  
3 sufficient funding levels for these public-private  
4 partnerships.

5 SECTION 2. Section 201-12.8, Hawaii Revised Statutes, is  
6 amended to read as follows:

7 "**§201-12.8 Energy security special fund; uses.** (a) There  
8 is created within the state treasury an energy security special  
9 fund, which shall consist of:

- 10 (1) The portion of the environmental response, energy, and  
11 food security tax specified under section 243-3.5;
- 12 (2) Moneys appropriated to the fund by the legislature;
- 13 (3) All interest attributable to investment of money  
14 deposited in the fund; and
- 15 (4) Moneys allotted to the fund from other sources,  
16 including under section 196-6.5.

17 (b) Subject to legislative appropriation, moneys from the  
18 fund may be expended by the Hawaii state energy office for the  
19 following purposes and used for no other purposes, except for  
20 those set forth in this section:



- 1           (1) To support the Hawaii clean energy initiative program  
2           and projects that promote and advance dependable and  
3           affordable energy, renewable energy, energy  
4           efficiency, energy self-sufficiency, and greater  
5           energy security and resiliency for the State and  
6           public facilities;
- 7           (2) To fund, to the extent possible, the climate change  
8           mitigation and adaptation commission and the  
9           greenhouse gas sequestration task force;
- 10          (3) To support achieving the zero emissions clean economy  
11          target set forth in section 225P-5;
- 12          (4) To fund the building energy efficiency revolving loan  
13          fund established in section 201-20;
- 14          (5) To fund projects and incentives to promote the  
15          adoption of clean transportation technologies, develop  
16          clean vehicle charging infrastructure, and upgrade  
17          infrastructure to support the development of clean  
18          vehicle charging infrastructure; and
- 19          (6) To fund, to the extent possible, the duties of the  
20          state building code council in section 107-24, as they



1           relate to the development of energy conservation  
2           codes.

3           (c) Pursuant to the duties prescribed to the chief energy  
4 officer, subject to the approval of the governor, under section  
5 196-72(d)(5), the chief energy officer may enter into public-  
6 private partnerships with certain not-for-profit entities to  
7 create a plan and administer expenditures from the energy  
8 security special fund in accordance with subsection (b) and  
9 chapter 103D. The not-for-profit entities with which the chief  
10 energy officer may enter into public-private partnerships shall:

11           (1) Have an established office and experience in Hawaii;  
12           and

13           (2) Support the commercialization of technologies that  
14           will further Hawaii's clean energy and sustainability  
15           goals and benefit Hawaii's economy.

16           [~~(e)~~] (d) The department of business, economic  
17 development, and tourism shall submit a report to the  
18 legislature, no later than twenty days prior to the convening of  
19 each regular session, on the status and progress of existing  
20 programs and activities and the status of new programs and



1 activities funded by the energy security special fund. The  
2 report shall also include:

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

11 SECTION 3. Section 243-3.5, Hawaii Revised Statutes, is  
12 amended by amending subsection (a) to read as follows:

13 "(a) In addition to any other taxes provided by law,  
14 subject to the exemptions set forth in section 243-7, there is  
15 hereby imposed a state environmental response, energy, and food  
16 security tax on each barrel or fractional part of a barrel of  
17 petroleum product sold by a distributor to any retail dealer or  
18 end user of petroleum product, other than a refiner. The tax  
19 shall be \$1.05 on each barrel or fractional part of a barrel of  
20 petroleum product that is not aviation fuel; provided that of  
21 the tax collected pursuant to this subsection:



- 1 (1) 5 cents of the tax on each barrel shall be deposited  
2 into the environmental response revolving fund  
3 established under section 128D-2;
- 4 (2) [~~5~~] 15 cents of the tax on each barrel shall be  
5 deposited into the energy security special fund  
6 established under section 201-12.8;
- 7 (3) 10 cents of the tax on each barrel shall be deposited  
8 into the energy systems development special fund  
9 established under section 304A-2169.1; and
- 10 (4) 15 cents of the tax on each barrel shall be deposited  
11 into the agricultural development and food security  
12 special fund established under section 141-10.

13 The tax imposed by this subsection shall be paid by the  
14 distributor of the petroleum product."

15 SECTION 4. Statutory material to be repealed is bracketed  
16 and stricken. New statutory material is underscored.

17 SECTION 5. This Act shall take effect on July 1, 2050.



**Report Title:**

Energy Security Special Fund; Energy Technology Innovation;  
Public-private Partnerships

**Description:**

Allows the chief energy officer to contract with Hawaii not-for-profit entities to administer expenditures from the energy security special fund for the purposes set forth in section 201-12.8, HRS. Increases the allocation from the state environmental response, energy, and food security tax for deposit to the energy security special fund from 5 cents to 15 cents per barrel or fractional part of a barrel of petroleum product. Effective 7/1/2050. (HD1)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

