A BILL FOR AN ACT

RELATING TO THE ENVIRONMENT.

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

SECTION 1. The legislature finds that the environmental response, energy, and food security tax, currently collected with each barrel or fractional part of a barrel of fossil fuel sold in the State, can be a valuable part of the State's response to the climate crisis. Portions of Hawaii's environmental response, energy, and food security tax of $1.05 per barrel, or fractional part of a barrel, of fossil fuel are currently distributed to special funds under section 243-3.5, Hawaii Revised Statutes, as follows:

(1) 5 cents of the tax on each barrel is deposited into the environmental response revolving fund established under section 128D-2, Hawaii Revised Statutes;

(2) 5 cents of the tax on each barrel is deposited into the energy security special fund established under section 201-12.8, Hawaii Revised Statutes;

(3) 10 cents of the tax on each barrel is deposited into the energy systems development special fund
established under section 304A-2169.1, Hawaii Revised
Statutes; and

(4) 15 cents of the tax on each barrel is deposited into
the agricultural development and food security special
fund established under section 141-10, Hawaii Revised
Statutes.

The remaining 70 cents of the tax on each barrel of fossil fuel
is deposited into the general fund.

The legislature encourages agencies to confer with the
Hawaii climate change mitigation and adaptation commission when
considering, and when reporting on, the expenditure of these
special funds.

The purpose of this Act is to:

(1) Require that agency actions undertaken with funds from
the environmental response revolving fund, energy
security special fund, energy systems development
special fund, and agricultural development and food
security special fund be undertaken with careful
consideration of how those actions can also assist the
State in achieving the zero emissions clean economy
target set forth in section 225P-5, Hawaii Revised
Statutes, and support the State's climate change resilience, environmental response, energy, and food systems; and

(2) Require that the annual reports to the legislature for these special funds also explain how expenditures support the State's clean energy economy and climate change resilience in order to increase transparency and accountability of the use of these special funds, encourage coordinated agency responses to climate change, and ensure that taxes on fossil fuels assist in addressing the impacts of the climate crisis caused by burning of fossil fuels.

SECTION 2. Section 128D-2, Hawaii Revised Statutes, is amended by amending subsection (b) to read as follows:

"(b) Moneys from the fund shall be expended by the department for the following:

(1) Removal, remediation, and detection of oil and pollutant or contaminant releases;

(2) Removal and remediation of hazardous waste and any other solid, liquid, or gaseous substance that may harm the environment; and
(3) The payment of costs listed under section 128D-4(c).
Expenditures under paragraphs (1) to (3) shall endeavor to
support achieving the zero emissions clean economy target set
forth in section 225P-5 and increase the State's resilience to
the impacts of climate change."

SECTION 3. Section 128D-13, Hawaii Revised Statutes, is
amended to read as follows:
"[§128D-13] Reporting requirements. The department
shall submit to the legislature an annual report, including a
comprehensive budget to implement remedial action plans
requiring funding by the environmental response revolving fund.
This report shall identify those sites eligible for remedial
action under CERCLA, including a statement as to any
appropriation that may be necessary to pay the State's share of
the plan. The report shall also identify how expenditures of
the environmental response revolving fund support achieving the
zero emissions clean economy target set forth in section 225P-5
and increase the State's resilience to the impacts of climate
change."

SECTION 4. Section 141-10, Hawaii Revised Statutes, is
amended by amending subsection (d) to read as follows:
"(d) The department of agriculture 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 under the agricultural development and food security special fund. The report shall also include:

(1) The spending plan of the agricultural development and food security special fund[1], including an analysis of how the spending plan will support achieving the zero emissions clean economy target set forth in section 225P-5 and will increase the resilience of the State's food systems to the impacts of climate change;

(2) All expenditures of agricultural development and food security special fund moneys[1], including an explanation of how these expenditures have supported achieving the zero emissions clean economy target set forth in section 225P-5 and increased the resilience of the State's food systems to the impacts of climate change;

(3) The targeted markets of the expenditures, including the reason for selecting those markets;
(4) The persons to be served using the expenditures; and
(5) The specific objectives of the expenditures, including measurable outcomes."

SECTION 5. Section 201-12.8, Hawaii Revised Statutes, is amended by amending subsection (c) to read as follows:
"(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, including an analysis of how the spending plan will support achieving the zero emissions clean economy target set forth in section 225P-5 and will increase the resilience of the State's energy systems to the impacts of climate change;

(2) All expenditures of energy security special fund moneys, including an explanation of how these expenditures have supported achieving the zero emissions clean economy target set forth in section
and increased the resilience of the State's energy systems to the impacts of climate change; 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 6. Section 304A-1891, Hawaii Revised Statutes, is amended by amending subsection (c) to read as follows:

"(c) The institute shall:

(1) Develop renewable sources of energy for power generation and transportation fuels by working in coordination with state agencies, federal agencies, and private entities;

(2) Conduct research and development of renewable sources of energy;

(3) Demonstrate and deploy efficient energy end-use technologies, including those that address peak electric demand issues;

(4) Aggressively seek matching funding from federal agencies and private entities for its research and development and demonstration activities; and
(5) Report annually to the legislature, no later than twenty days prior to the convening of each regular session, on its activities, expenditures, contracts developed, advances in technology, its work in coordination with state agencies and programs, and recommendations for proposed legislation. In addition, the report shall include an explanation of how the expenditure of funds from the energy systems development special fund established under section 304A-2169.1 has supported achieving the zero emissions clean economy target set forth in section 225P-5 and increased the resilience of the State's energy systems to the impacts of climate change."

SECTION 7. Section 304A-2169.1, Hawaii Revised Statutes, is amended as follows:

1. By amending its title and subsection (a) to read:

"[4]§304A-2169.1[4] Energy systems development special fund. (a) There is established the energy systems development special fund for the purpose of developing an integrated approach to and portfolio management of renewable energy and energy efficiency technology projects that will reduce Hawaii's
dependence on fossil fuel, imported oil, and other imported
energy resources and move Hawaii toward energy self-
sufficiency[—] and the zero emissions clean economy target set
forth in section 225P-5."

2. By amending subsection (c) to read:

"(c) The Hawaii natural energy institute shall administer
the special fund and may expend revenues of the special fund for
the following activities:

(1) Obtaining matching funds from federal and private
sources for research, development, and demonstration
of renewable energy sources;

(2) Awarding contracts or grants to develop and deploy
technologies that will reduce Hawaii's dependence on
imported energy resources and imported oil. Projects
may be commissioned that:

(A) Balance the risk, benefits, and time horizons of
the investment to ensure tangible benefits to the
people of Hawaii [e]n消費者, with priority given
to short-term technology development[†] and
achieving the zero emissions clean economy target
set forth in section 225P-5;
(B) Emphasize innovative and renewable energy supply and energy efficient end use technologies focusing on environmental attributes, reliability, [and] affordability[†], and resilience to climate change;

(C) Enhance transmission and distribution capabilities of renewable energy supply for electricity;

(D) Enhance reliability and storage capabilities of renewable energy for electricity;

(E) Ensure that research, deployment, and demonstration efforts build on existing programs and resources and are not duplicated;

(F) Address critical technical and scientific barriers to achieving energy self-sufficiency by reducing dependence on imported oil and imported energy resources;

(G) Ensure that technology used and developed for renewable energy production and distribution will be commercially viable; and
(H) Give priority to resources that are indigenous and unique to Hawaii; and

(3) Managing the portfolio of projects commissioned under this subsection."

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

SECTION 9. This Act shall take effect on July 1, 2050.
Report Title:
Barrel Tax; Special Funds; Zero Emissions Target; Climate Change Resilience

Description:
Requires agencies allotted a portion of the environmental response, energy, and food security tax to consider actions in achieving the zero emissions clean economy target and climate change resilience. Requires these agencies to report on how expenditures from these special funds support achieving the zero emissions clean economy target and climate change resilience. Effective 7/1/2050. (HD1)

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