A BILL FOR AN ACT

RELATING TO THE HAWAII ENERGY AND CLIMATE CHANGE OFFICE.

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

SECTION 1. Chapter 196, Hawaii Revised Statutes, is amended by adding a new part to be appropriately designated and to read as follows:

"PART 1. HAWAII ENERGY AND CLIMATE CHANGE OFFICE

§196-A Establishment of the Hawaii energy and climate change office. There is established the Hawaii energy and climate change office, which shall be a public body politic and an instrumentality and agency of the State. The purpose of the Hawaii energy and climate change office is to position Hawaii as a proving ground for clean energy technologies and accelerate Hawaii's transformation to a clean energy economy.

§196-B Establishment of the deputy director of energy and climate change. (a) There is established the deputy director of energy and climate change.

(b) The deputy director shall have experience, knowledge, and expertise in clean energy related activities and development.
(c) The deputy director shall hire staff necessary to carry out the purposes of this part. The deputy director and employees of the Hawaii energy and climate change office shall be exempt from chapter 76, and shall not be considered civil service employees but shall be entitled to any employee benefit plan normally inuring to civil service employees.

(d) The power and duties of the deputy director shall be as specified in section 196-4."

SECTION 2. Section 141-9, Hawaii Revised Statutes, is amended to read as follows:

"§141-9 Energy feedstock program. (a) There is established within the department of business, economic development, and tourism, under the energy resources coordinator, an energy feedstock program that shall:

(1) Maintain cognizance of actions taken by industry and by federal, state, county, and private agencies in activities relating to the production of energy feedstock, and promote and support worthwhile energy feedstock production activities in the State;

(2) Serve as an information clearinghouse for energy feedstock production activities;
(3) Coordinate development projects to investigate and solve biological and technical problems involved in raising selected species with commercial energy generating potential;

(4) Actively seek federal funding for energy feedstock production activities;

(5) Undertake activities required to develop and expand the energy feedstock production industry; and

(6) Perform other functions and activities as may be assigned by law, including monitoring the compliance provisions under section 205-4.5(a)(16).

(b) The [chairperson of the board of agriculture] energy resources coordinator shall consult and coordinate with the [energy resources coordinator under chapter 196] chairperson of the board of agriculture to establish milestones and objectives for the production of energy feedstock that is grown in the State. The chairperson and the coordinator shall report, as part of the annual department report, the State's progress toward meeting such milestones and objectives annually to the legislature.
(c) The energy resources coordinator shall also consult and coordinate with research programs and activities at the department of agriculture and the University of Hawaii that will assist in the further growth and promotion of the energy feedstock production industry in Hawaii.

(d) The energy resources coordinator may employ temporary staff exempt from chapters 76 and 89. The board may adopt rules pursuant to chapter 91 to effectuate the purposes of this section.

(e) For the purposes of this section, "energy resources coordinator" or "coordinator" means the position described in section 296-3."

SECTION 3. Section 196-2, Hawaii Revised Statutes, is amended as follows:

1. By adding two new definitions to be appropriately inserted and to read as follows:

""Deputy director" means the deputy director of energy and climate change.

"Distributed energy resources" means a resource sited close to customers that:
(1) Can provide all or some of the customers' immediate
electric and power needs;

(2) Can be used by the system to reduce demand or provide
supply to satisfy the energy, capacity, or ancillary
service needs of the distribution grid; and

(3) Is connected to the distribution system and close to
load, if the resource provides electricity or thermal
energy.

"Distributed energy resources" includes but is not limited to
solar photovoltaic and thermal, wind, combined heat and power,
electrical and thermal energy storage, demand response, electric
vehicles, electric vehicle service equipment, microgrids, energy
efficiency, and advanced inverters."

2. By amending the definition of "energy resources" to
read:

"Energy resources" means fuel, and also includes all
electrical or thermal energy produced by combustion of any fuel,
or generated [εφ], produced, or stored using wind, the sun,
geothermal heat, ocean water, falling water, currents, waves, or
any other source."
SECTION 4. 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] deputy director of energy and climate change shall serve as energy resources coordinator."

SECTION 5. Section 196-4, Hawaii Revised Statutes, is amended to read as follows:

"§196-4 Powers and duties. Subject to the approval of the governor, the coordinator shall:

1. [Formulate plans, including objectives, criteria to measure accomplishment of objectives, programs through which the objectives are to be attained, and financial requirements for the optimum development of Hawaii's energy resources;]
2. [Conduct systematic analysis of existing and proposed energy resource programs, evaluate the analysis conducted by government agencies and other organizations and recommend programs that represent the most effective allocation of resources for the development of energy resources;]
(3) Formulate, analyze and recommend specific proposals, as necessary, for conserving energy resources, including the allocation and distribution thereof, policies and plans, in coordination with public and private sector stakeholders, for cost-effectively and equitably achieving the State's energy goals;

(4) Assist public and private agencies in implementing energy conservation and efficiency programs, the development of indigenous energy resources, and related measures. Provide technical assistance to state and county agencies to assess and implement projects and programs related to energy conservation and efficiency, renewable energy, electric and renewable fuel transportation, and related measures;

(5) Coordinate the State's energy programs with those of the federal government, other state governments, governments of nations with interest in common energy resources, and distributed energy resources, and the political subdivisions of the State;
Identify opportunities, perform state-wide education and outreach, collaborate with stakeholders, and develop programs and tools to encourage private and public exploration, research, and development of [indigenous] energy resources and distributed energy resources that will [benefit the State;] support the State's energy goals, including public-private partnership opportunities;

Conduct public education programs to inform the public of the energy resources situation, as it may exist, from time to time and of the government actions taken;

Serve as consultant to the governor, public agencies, and private industry on energy-related matters;

Contract for services when required for the implementation of this chapter;

Review proposed state actions that the coordinator finds to have significant effect on the State's energy objectives and report to the governor their effect on the energy program, and perform other services as may be required by the governor and the legislature;
(7) Prepare and submit an annual report and other reports as may be requested to the governor and to the legislature on the implementation of this chapter and all matters related to energy resources;

(12) Formulate a systematic process, including the development of requirements, to identify geographic areas that are rich with renewable energy resource potential that can be developed in a cost-effective and environmentally benign manner and designate these areas as renewable energy zones;

(8) Develop [and], recommend, and oversee incentives and programs that encourage the development of renewable energy projects within the renewable energy zones and electric and renewable-fueled transportation resources;

(13) Assist public and private agencies in identifying utility transmission projects or infrastructure required to accommodate and facilitate the development of renewable energy resources;

(15) Assist public and private agencies, in coordination with the department of budget and finance, in
accessing the use of special-purpose revenue bonds to
finance the engineering, design, and construction of
transmission projects and infrastructure that are
deemed critical to the development of renewable energy
resources;

(16) Develop the criteria or requirements for identifying
and qualifying specific transmission projects and
infrastructure that are critical to the development of
renewable energy resources, including providing
assistance in accessing the use of special-purpose
revenue bonds to finance the projects or
infrastructure;

(17) (9) Develop and maintain a comprehensive and
systematic quantitative and qualitative capacity to
analyze the status of energy resources, distributed
energy resources, systems, and markets, both in-state
and those to which Hawaii is directly tied,
particularly in relation to the State's economy, and
to recommend, develop proposals for, and assess the
effectiveness of policy and regulatory decisions, and
conduct energy emergency planning; [and]
(10) Support state and county agencies responsible for development and adoption of energy-related codes to ensure that the most recent national codes are promptly considered, amended, and adopted in a manner that further advances the State's energy goals;

(11) Act as the State's energy data clearinghouse by identifying data sources, collecting new data as it becomes available, analyzing temporal and geographic trends, making the data and analyses publicly available, and supporting the legislature and governor with relevant analyses to inform state energy policy plans and proposals;

(12) Support the implementation and promotion of economic and workforce development initiatives related to and resulting from the State's renewable energy experience, capabilities, and data analyses; and

[(10) (13)] Adopt rules for the administration of this chapter pursuant to chapter 91."

SECTION 6. Section 196-10.5, Hawaii Revised Statutes, is amended as follows:

1. By amending its title to read:
1 "§196-10.5 Hawaii clean energy initiative program."
2
3 2. By amending subsection (c) to read:
4 "(c) The department of business, economic development, and
5 tourism shall submit a report to the legislature no later than
6 twenty days prior to the convening of each regular session on
7 the status and progress of new and existing clean energy
8 initiatives. The report shall also include:
9
10   (1) The spending plan of the Hawaii clean energy
11   initiative program; and
12   (2) All expenditures of energy security special fund
13   moneys; and
14   (3) The targeted markets of the expenditures,
15   including reasons for selecting those markets, the
16   persons to be served, specific objectives of the
17   program, and program expenditures, including
18   measurable outcomes."
19
20  SECTION 7. Section 225P-3, Hawaii Revised Statutes, is
21 amended by amending subsections (a) through (c) to read as
22 follows:
23 "(a) There is established the Hawaii climate change
24 mitigation and adaptation commission that shall be placed within
the department of [land-and-natural-resources] business, economic development, and tourism for administrative purposes only.

(b) Coordination of the commission shall be headed jointly by the [chairperson of the board of land-and-natural-resources,] director of business, economic development, and tourism, or the [chairperson's] director's designee, and the director of the office of planning, or the director's designee.

(c) The commission shall include the following members:

(1) The chairs of the standing committees of the legislature with subject matter jurisdiction encompassing environmental protection and land use;

(2) The [chairperson of the board of land-and-natural resources] director of business, economic development, and tourism or the [chairperson's] director's designee, who shall be the co-chair of the commission;

(3) The director of the office of planning or the director's designee, who shall be the co-chair of the commission;

(4) The [director of business, economic development, and tourism or the director's] chairperson of the board of
land and natural resources or the chairperson's
designee;

(5) The chairperson of the board of directors of the
Hawaii tourism authority or the chairperson's
designee;

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

(7) The chief executive officer of the office of Hawaiian
affairs or the officer's designee;

(8) The chairperson of the Hawaiian homes commission or
the chairperson's designee;

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

(10) The director of health or the director's designee;

(11) The adjutant general or the adjutant general's
designee;

(12) The chairperson of the board of education or the
chairperson's designee;

(13) The directors of each of the county planning
departments, or the directors' designees; and

(14) The manager of the coastal zone management program.
SECTION 8. Section 243-3.5, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

"(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 state environmental response and food security tax on each barrel or fractional part of a barrel of petroleum product sold by a distributor to any retail dealer or end user of petroleum product, other than a refiner. The tax shall be $1.05 on each barrel or fractional part of a barrel of petroleum product that is not aviation fuel; provided that of the tax collected pursuant to this subsection:

(1) 5 cents of the tax on each barrel shall be deposited into the environmental response revolving fund established under section 128D-2;

[+2+] 15 cents of the tax on each barrel shall be deposited into the energy security special fund established under section 201-12.8;

[-3+] (2) 10 cents of the tax on each barrel shall be deposited into the energy systems development special fund established under section 304A-2169.1; and
[4+] (3) 15 cents of the tax on each barrel 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 petroleum product."

SECTION 9. Sections 128D-2(a), 141-10(b), and

304A-2169.1(b), Hawaii Revised Statutes, are amended by

substituting the words "environmental response and food security
tax" wherever the words "environmental response, energy, and

food security tax" appear, as the context requires.

SECTION 10. Sections 76-16(b), 107-22(b), and 304A-1959,

Hawaii Revised Statutes, are amended by substituting the words

"Hawaii energy and climate change office" wherever the words

"Hawaii state energy office" or "state energy office" appear, as

the context requires.

SECTION 11. Act 32, Session Laws of Hawaii 2017, is

amended as follows:

1. By amending section 6 to read:

"SECTION 6. [Chapter 225P, Hawaii Revised Statutes, is

repealed.] Repealed."

2019-1250 SB SMA.doc
2. By amending section 10 to read:

"SECTION 10. This Act shall take effect on July 1, 2017[; provided that section 6 shall take effect on July 1, 2022]."

SECTION 12. 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 13. All rights, powers, functions, and duties of the Hawaii climate change mitigation and adaptation commission in the department of land and natural resources are transferred to the department of business, economic development, and tourism.

All employees who occupy civil service positions and whose functions are transferred to the department of business, economic development, and tourism 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 business, economic development, and tourism may prescribe the duties and qualifications of these employees and fix their salaries without regard to chapter 76, Hawaii Revised Statutes.
SECTION 14. All rules, policies, procedures, guidelines, and other material adopted or developed by the Hawaii climate change mitigation and adaptation commission in the department of land and natural resources to implement provisions of the Hawaii Revised Statutes that are reenacted or made applicable to the Hawaii climate change mitigation and adaptation commission in the department of business, economic development, and tourism by this Act shall remain in full force and effect until amended or repealed by the department of business, economic development, and tourism pursuant to chapter 91, Hawaii Revised Statutes. In the interim, every reference to the Hawaii climate change mitigation and adaptation commission in the department of land and natural resources or the chairperson of the board of land and natural resources in those rules, policies, procedures, guidelines, and other material is amended to refer to the Hawaii climate change mitigation and adaptation commission in the department of business, economic development, and tourism or the director of business, economic development, and tourism, as appropriate.

SECTION 15 All deeds, leases, contracts, loans, agreements, permits, or other documents executed or entered into
by or on behalf of the Hawaii climate change mitigation and
adaptation commission in the department of land and natural
resources, pursuant to the provisions of the Hawaii Revised
Statutes that are reenacted or made applicable to the department
of business, economic development, and tourism by this Act shall
remain in full force and effect. Effective July 1, 2019, every
reference to the department of land and natural resources or the
board of land and natural resources in those deeds, leases,
contracts, loans, agreements, permits, or other documents shall
be construed as a reference to the department of business,
economic development, and tourism or the director of business,
economic development, and tourism, as appropriate.

SECTION 16. All appropriations, records, equipment,
machines, files, supplies, contracts, books, papers, documents,
maps, and other personal property heretofore made, used,
adquired, or held by the department of Hawaii climate change
mitigation and adaptation commission in the department of land
and natural resources relating to the functions transferred to
the department of business, economic development, and tourism
shall be transferred with the functions to which they relate.
SECTION 17. 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 the Hawaii energy and climate change office.

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

SECTION 18. In codifying the new sections added by section 1 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 19. This Act does not affect rights and duties that matured, penalties that were incurred, and proceedings that were begun before its effective date.

SECTION 20. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 21. This Act shall take effect on July 1, 2019.

INTRODUCED BY:
Report Title:
Hawaii State Energy Office; Hawaii Energy and Climate Change Office; Department of Land and Natural Resources; Department of Business, Economic Development, and Tourism; Transfer; Deputy Director of Energy and Climate Change; Appropriation

Description:
Establishes the Hawaii energy and climate change office. Transfers the Hawaii climate change mitigation and adaptation commission from the department of land and natural resources to the department of business, economic development, and tourism. Establishes the deputy director of energy and climate change commission. Ends funding for the Hawaii clean energy initiative from the energy security special fund. Appropriates funds from the general fund for the Hawaii energy and climate change office.

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