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# A BILL FOR AN ACT

RELATING TO THE ENVIRONMENT.

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

1           SECTION 1. The legislature finds that the State's natural  
2 environment and ecosystems are in a fragile state due to the  
3 amount of greenhouse gases released through human activities and  
4 the resulting impact on global climate change. The legislature  
5 also finds that the State should support programs that  
6 incentivize state agencies, private entities, and individuals to  
7 adopt practices that are more environmentally friendly and that  
8 result in reduced carbon emissions into the environment. The  
9 legislature notes that one mechanism that has gained success in  
10 Europe after adoption of the Kyoto Protocol is the transferring  
11 and selling of carbon offset credits. California and numerous  
12 other states and private industries have established these types  
13 of credits for purchase by polluters to offset their carbon  
14 emissions. Billions of dollars have been raised by California  
15 alone, and many industries are seeking new places to invest  
16 these dollars to offset their carbon emissions.



1           The legislature further finds that it is necessary to  
2 invest state funds to improve the State's water infrastructure  
3 and ensure future water sustainability in the face of ongoing  
4 climate change. More specifically, the State must be prepared  
5 to provide more resources and support for those affected by  
6 disaster-scale flooding, coastal seawater inundation, and  
7 shortages of potable water and agricultural water. The  
8 legislature anticipates that the revenues raised by a state  
9 carbon offsets program will greatly enhance current water  
10 sustainability efforts.

11           Accordingly, the legislature finds that it is in the public  
12 interest to create a carbon credit revenue program in the State  
13 that would incentivize and reward the adoption, practice, and  
14 adherence to carbon emission reduction activities, consistent  
15 with the Hawaii 2050 sustainability plan.

16           The purpose of this Act is to establish a program under the  
17 department of business, economic development, and tourism that  
18 administers revenues realized from the sale of carbon credits in  
19 any established carbon registry and invests those proceeds in  
20 projects that improve the State's water infrastructure or  
21 mitigate threats to water sustainability due to climate change.



1 SECTION 2. Chapter 201, Hawaii Revised Statutes, is  
2 amended by adding a new section to part I to be appropriately  
3 designated and to read as follows:

4 "§201- Carbon credit revenue program. (a) The  
5 department shall establish a carbon credit revenue program that:

6 (1) Administers any and all revenues realized from the  
7 sale of any carbon credits or offsets in any  
8 established international or national carbon  
9 registries through project developers or by  
10 departments or state agencies. Proceeds and revenues  
11 generated from sales of carbon offset credits shall be  
12 invested in projects that improve the State's water  
13 infrastructure or mitigate threats to water  
14 sustainability due to climate change, including but  
15 not limited to:

- 16 (A) Flood prevention and preparedness;
- 17 (B) Mitigation of sea level rise;
- 18 (C) Increasing potable water supplies; and
- 19 (D) Increasing agricultural water supplies;

20 (2) Provides environmental, social, cultural, or economic  
21 benefits, including but not limited to the improvement



1 of the State's water infrastructure or mitigation of  
2 threats to water sustainability due to climate change;  
3 and

4 (3) Is consistent with the state's sustainability goals  
5 and policies.

6 (b) The department shall adopt rules, pursuant to chapter  
7 91, necessary to carry out the purposes of this section.

8 (c) As used in this section:

9 "Carbon credit" means a tradable credit issued by an  
10 independent international or national carbon registry program  
11 that represents a greenhouse gas reduction or greenhouse gas  
12 removal enhancement that is equivalent to one metric ton of  
13 carbon dioxide equivalent and meets the requirements of the  
14 program.

15 "Carbon credit revenue" means the revenue realized by state  
16 agencies from the sale of any carbon sequestration credits.

17 "Carbon offset" means a compensatory measure made by an  
18 agency or individual to reduce carbon emissions, which may  
19 include the adoption of practices that increase the absorption  
20 of carbon dioxide.



1       "Carbon registry" means any established international or  
2 national carbon registry program which serve voluntary and  
3 compliance markets and provide an independent carbon standard to  
4 verify and certify forest carbon projects and issues carbon  
5 credits.

6       "Program" means the carbon credit revenues program  
7 administered by the department.

8       "State agency" means a unit of state government, such as a  
9 department, division, branch, agency, program, or office, and  
10 includes the legislature, judiciary, and office of Hawaiian  
11 affairs."

12       SECTION 3. New statutory material is underscored.

13       SECTION 4. This Act shall take effect on January 28, 2045.



**Report Title:**

DBEDT; Carbon Credits Revenue Program; Water Infrastructure;  
Climate Change

**Description:**

Establishes a carbon credit revenue program under the Department of Business, Economic Development, and Tourism that administers revenues realized from the sale of any carbon credits in any established carbon registry and uses the resulting proceeds to fund projects that improve the State's water infrastructure or mitigate threats to water sustainability efforts due to climate change. (HB1986 HD2)

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

