STAND. COM. REP. NO. 23

, 2025

Honolulu, Hawaii

FEB 06

RE: H.B. No. 760

H.D. 1

Honorable Nadine K. Nakamura Speaker, House of Representatives Thirty-Third State Legislature Regular Session of 2025 State of Hawaii

Madame:

Your Committees on Energy & Environmental Protection and Agriculture & Food Systems, to which was referred H.B. No. 760 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

beg leave to report as follows:

The purpose of this measure is to:

- (1) Reenact the Agricultural Development and Food Security Special Fund;
- (2) Establish and appropriate funds into the Carbon Emissions Tax and Dividend Special Fund;
- (3) Establish a refundable Carbon Cashback Tax Credit to mitigate the impact of a carbon emissions tax on lower-income taxpayers; and
- (4) Amend the Environmental Response, Energy, and Food Security Tax by taxing fossil fuels based on their emissions.

Your Committees received testimony in support of this measure from the Department of Agriculture; Kauai Climate Action Coalition; Citizens' Climate Lobby Hawaii; Carbon Cashback Hawaii;

Climate Future Forum; Coalition Earth; Citizens Climate Lobby at the University of Hawai'i at Mānoa; Hawai'i Farmers Union; Haiku Laboratories; and numerous individuals. Your Committees received testimony in opposition to this measure from Life of the Land; Grassroot Institute of Hawaii; Retail Merchants of Hawaii; Greenpeace Hawaii; Hawaiian Islands Republican Women; Kaua'i Island Utility Cooperative; and numerous individuals. Your Committees received comments on this measure from the Department of Taxation; Department of Budget and Finance; Department of Health; Tax Foundation of Hawaii; Airlines for America; and Maui Chamber of Commerce.

Your Committees find that there is an urgent need to reduce Hawaii's greenhouse gas emissions in order to meet the State's zero emissions clean economy goal. This measure addresses this need by taxing fossil fuels based on their emissions and establishing a tax credit to mitigate the effect of the tax on taxpayers, establishing a Carbon Emissions Tax and Dividend Special Fund, and reenacting the Agricultural Development and Food Security Special Fund.

Your Committees have amended this measure by:

- (1) Amending the Carbon Cashback Tax Credit by:
 - (A) Expanding eligibility to any Hawaii taxpayer who files an individual income tax return; and
 - (B) Changing the qualifications for the amount of tax credit a taxpayer will receive to be based on filing status and number of dependents instead of income;
- (2) Clarifying that unspecified percentages of Environmental Response, Energy, Carbon Emissions, and Food Security Tax paid on all petroleum products, rather than the tax paid on just certain fuels for airplanes and small boats, shall be deposited into the Airport Revenue Fund and Boating Special Fund, respectively;
- (3) Changing the effective date to July 1, 3000, to encourage further discussion; and

(4) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the records of votes of the members of your Committees on Energy & Environmental Protection and Agriculture & Food Systems that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 760, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 760, H.D. 1, and be referred to your Committee on Economic Development & Technology.

Respectfully submitted on behalf of the members of the Committees on Energy & Environmental Protection and Agriculture & Food Systems,

KIRSTIN KAHALOA, Chair

NICOLE E. LOWEN, Chair

State of Hawaii House of Representatives The Thirty-third Legislature

H5CR 231

Record of Votes of the Committee on Energy & Environmental Protection

Dil	l/Resolution No.:	G	TO C. T						
DII	HB760		e Referral: GR , ECD , F	. Date	1/30/2	2025			
	The committee is reconsid	sidering its previous decision on the measure.							
The recommendation is to: Pass, unamended (as is) Pass, with amendments (HD) Hold Pass short form bill with HD to recommit for future public hearing (recommit)									
EEP Members			Ayes	Ayes (WR)	Nays	Excused			
1.	LOWEN, Nicole E. (C	C)							
13		e: 94 % d; 3 %							
2.	PERRUSO, Amy A. (VC)	V						
3.	KAHALOA, Kirstin								
4.	KUSCH, Matthias								
			A. B. T. D.						
5.	QUINLAN, Sean	<u> </u>) ji				
6.	WARD, Gene		## 1945 H. 194	13.00 (10					
	TOTAL (6)	5			<u> </u>			
The	recommendation is:	Adopted	☐ Not Adopted						
		If joint referral,	ommittee acronym(s)	did not suppor	t recommendation.				
Vice Chair's or designee's signature: Misself E. Lower									
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State of Hawaii House of Representatives The Thirty-third Legislature

H5CR231

Record of Votes of the Committee on Agriculture & Food Systems

Bill/Resolution No.: Committe HB 760 EEP/	e Referral: AGR, ECD,	FIV Date	1/30/2	25					
☐ The committee is reconsidering its previous decision on the measure.									
The recommendation is to: Pass, unamended (as is) Pass, with amendments (HD) Hold Pass short form bill with HD to recommit for future public hearing (recommit)									
AGR Members	Ayes	Ayes (WR)	Nays	Excused					
1. KAHALOA, Kirstin (C)	K								
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2. KUSCH, Matthias (VC)	K		annon maria di Salata						
3. LOWEN, Nicole E.	G CHICAGO								
J. LOWEN, MICHEL				16. 3					
4. PERRUSO, Amy A.	X		83. <u> </u>	in Archaelde <u>la la</u>					
5. QUINLAN, Sean	X								
	Section 12 and 1	Constitution of the consti							
6. WARD, Gene				X					
		-							
TOTAL (6)	5	0	0	1					
The recommendation is: Adopted If joint referral, Committee acronym(s) Adopted did not support recommendation.									
Vice Chair's or designee's signature:									
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