

DAVID Y. IGE
GOVERNOR OF HAWAII



STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
POST OFFICE BOX 621
HONOLULU, HAWAII 96809

Testimony of
SUZANNE D. CASE
Chairperson

Before the Senate Committee on
WAYS AND MEANS

Thursday, February 27, 2020
10:35 A.M.
State Capitol, Conference Room 211

In consideration of
SENATE BILL 3150, SENATE DRAFT 1
RELATING TO TAXATION

Senate Bill 3150, Senate Draft 1 proposes to amend the Environmental Response, Energy, and Food Security Tax to address carbon emissions; to increase the tax rate over time; and to establish a refundable tax credit for lower income taxpayers. **The Department of Land and Natural Resources (Department) supports the language contained in SECTION 3, page 10, lines 18 through 20, and defers to the Hawai'i Climate Change Mitigation and Adaptation Commission on all other portions of this measure.**

The Department supports the proposal to allocate tax revenues from the sale of gasoline, diesel, or other fuel used in small boats to the Boating Special Fund. The Boating Special Fund is administered by the Department's Division of Boating and Ocean Recreation (DOBOR) and is currently funded by user fee collections from state small boat harbors, state boating facilities, and commercial ocean recreation activities, as well as lease rents for property under DOBOR's jurisdiction.

Thank you for the opportunity to testify on this measure.

SUZANNE D. CASE
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

ROBERT K. MASUDA
FIRST DEPUTY

M. KALEO MANUEL
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE
MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Written Testimony Presented to the
Senate Committee on Ways and Means
Thursday, February 27, 2020 at 10:35 a.m.

By

Richard Rocheleau, Director
Hawai'i Natural Energy Institute

And

Michael Bruno, PhD

Provost

University of Hawai'i at Mānoa

SB 3150 SD1 – RELATING TO TAXATION

Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the committee:

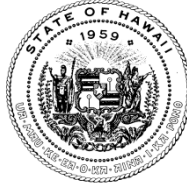
The Hawai'i Natural Energy Institute (HNEI) supports the intent of this bill and provides the following comments.

SB 3150 SD1 would amend the environmental response, energy, and food security tax to address carbon emissions by establishing a carbon tax; effectively priced at \$40 per metric ton of carbon dioxide, increasing to \$80 by 2030.

HNEI notes that the amount of the tax proposed would be a significant increase over the current level, and could result in some unintended consequences and inequities.

HNEI also notes that local emissions represent only a fraction of the actual life-cycle emissions of GHG. To the extent possible, the entire life-cycle carbon impacts of the fully integrated energy system used to power our islands should be assessed, considered, and balanced to make informed decisions that impact our economy and climate.

Thank you for the opportunity to comment on SB 3150 SD1.



TESTIMONY BY:

JADE T. BUTAY
DIRECTOR

Deputy Directors
LYNN A.S. ARAKI-REGAN
DEREK J. CHOW
ROSS M. HIGASHI
EDWIN H. SNIFFEN

STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097

February 27, 2020
10:35 a.m.
State Capitol, Room 211

S.B. 3150, S.D. 1
RELATING TO TAXATION

Senate Committees on Ways and Means

The Department of Transportation (DOT) provides **comments** to this bill which proposes to amend the environmental response, energy, and food security tax to address carbon emissions by increasing the tax to effectively set a price of \$40 per metric ton of carbon dioxide emissions in 2021 and incrementally increases the tax rate over time so that in 2030 the tax rate will be equivalent to \$80 per metric ton of carbon emissions. This bill will also establish a refundable tax credit for individuals earning sixty percent or less of the area median income.

The DOT, as part of the Hawaii Climate Change Mitigation and Adaptation Commission, recognizes the urgency to combat climate threats and the need to act quickly. The State's infrastructure is already impacted by sea level rise and extreme weather events and storms. The DOT also supports legislation that funds State programs to meet Hawaii's ambitious and necessary emissions reduction goals.

It is important to consider for the carbon emissions tax revenues be used in an equitable way to further transition our state to a green, sustainable future, to support those who will be most adversely affected by climate change, and to support those who may potentially bear an undue burden from the implementation of the tax.

The DOT respectfully requests for more discussion, including considering the final results of the carbon pricing study currently underway pursuant to Act 122/2019 by the Hawaii State Energy Office. It may be judicious for a gradual tax schedule to allow for sufficient time for DOT to evaluate and study the economic impacts to DOT's multiple sources of revenues, to meet current bond covenants, satisfy existing debt service obligations, and identify potential initiatives to address a carbon dioxide emissions tax over time.

Thank you for the opportunity to provide testimony.

DAVID Y. IGE
GOVERNOR

JOSH GREEN M.D.
LT. GOVERNOR



STATE OF HAWAII
DEPARTMENT OF TAXATION
P.O. BOX 259
HONOLULU, HAWAII 96809
PHONE NO: (808) 587-1540
FAX NO: (808) 587-1560

RONA M. SUZUKI
DIRECTOR OF TAXATION

DAMIEN A. ELEFANTE
DEPUTY DIRECTOR

To: The Honorable Donovan M. Dela Cruz, Chair;
The Honorable Gilbert S.C. Keith-Agaran, Vice Chair;
and Members of the Senate Committee on Ways and Means

From: Rona M. Suzuki, Director
Department of Taxation

Re: **S.B. 3150, S.D. 1, Relating to Taxation**

Date: Thursday, February 27, 2020

Time: 10:35 A.M.

Place: Conference Room 211, State Capitol

The Department of Taxation (Department) appreciates the intent of S.B. 3150, S.D. 1, and offers the following comments.

S.B. 3150, S.D. 1, amends section 243-3.5, Hawaii Revised Statutes (HRS) by revamping the environmental response, energy, and food security tax to address carbon emissions. Primarily, it raises barrel tax rates on a number of petroleum products, calls for set dollar amounts to be allocated to various funds instead of the current percentage-based structure, and dedicates taxes paid on fuel for airplanes and taxes paid for fuel for small boats to be entirely deposited into the airport revenue fund and the boating special fund, respectively. It also raises rates on the tax imposed on each one million British thermal units of fossil fuel sold by a distributor to any retail dealer or end user of fossil fuel, other than a refiner, and clarifies that although that tax will not apply to coal used to fulfill an existing power purchase agreement (PPA), the exemption will not apply to any extension of an existing PPA or to any subsequently-agreed PPA.

The measure increases the rates in 2021, 2024, 2027, and 2030, so that the tax rate will effectively set a price of \$40 per metric ton of carbon dioxide emissions in 2021 and increase to be equivalent to a carbon price of \$80 per metric ton in 2030. It also creates a new refundable tax credit for low-income resident taxpayers who earn \$60,000 or less if filing as single or \$75,000 or less if filing as head of household, married but filing separately, or married filing jointly. S.B. 3150, S.D. 1, takes effect on January 1, 2022, with the new tax credit applying to taxable years beginning after December 31, 2021.

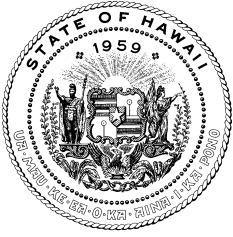
The Department notes that the Joint Committee on Agriculture and Environment and Energy, Economic Development, and Tourism amended a previous version of this measure to insert the tax credit to mitigate the effect of a carbon emissions tax on lower income taxpayers. The Department defers to the Department of the Attorney General regarding whether restricting tax credit eligibility only to State residents may violate the U.S. Constitution.

Notwithstanding the protentional constitutional issue, the Department suggests **amending the credit to specify that the income thresholds apply to federal adjusted gross income**. The term “gross annual household income” is not defined by this measure or in existing income tax law.

The Department anticipates that it will be able to administer the bill by changing forms, instructions, and the computer system by the current effective date. This measure will also require taxpayer education as it represents a significant change to this tax.

Finally, the Department looks forward to the completion of the carbon study being done by the University of Hawaii as it should further inform the rates proposed in this bill.

Thank you for the opportunity to provide comments.



HAWAII STATE ENERGY OFFICE STATE OF HAWAII

235 South Beretania Street, 5TH Floor, Honolulu, HI 96813 | energy.hawaii.gov

DAVID Y. IGE
GOVERNOR

SCOTT J. GLENN
CHIEF ENERGY OFFICER

(808) 587-3807

Testimony of **SCOTT J. GLENN, Chief Energy Officer**

before the
SENATE COMMITTEE ON WAYS AND MEANS
Thursday, February 27, 2020
10:35 AM
State Capitol, Conference Room 211

in SUPPORT of
SB 3150, SD1
RELATING TO TAXATION.

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee, the Hawaii State Energy Office (HSEO) supports SB 3150, SD1, which establishes a “carbon dividend” in the form of a refundable tax credit for individuals earning sixty per cent or less of the area median income and funds this dividend by adjusting the environmental response, energy, and food security tax to effectively set a price of \$40 per metric ton of carbon dioxide emissions in 2021, rising to \$80 per metric ton in 2030.

Section 2 to this bill, providing a “carbon dividend,” is a common feature of programs to address concerns that the impacts of climate change, and efforts to address it, fall disproportionately on those with limited income, yet those with higher incomes have a greater carbon footprint. A carbon dividend program, funded by a carbon tax, addresses the equity issue; also, a carbon tax has been identified by the Hawaii Climate Change Mitigation and Adaption Commission as the most effective single action to achieve carbon emissions reductions, to support Hawaii’s goal of sequestering more greenhouse gases than we emit as soon as practicable but no later than 2045.

Pursuant to Act 122 (2019), HSEO initiated a carbon pricing study, the final results of which are anticipated by the next legislative session. Meanwhile, we are ready to assist the Legislature should it decide to move forward. We anticipate the general areas of discussion to include: how it will work; what is a necessary and sufficient level to achieve the objectives; how to mitigate anticipated impacts; how to measure effectiveness; and how to respond to and mitigate unintended consequences.

We look forward to working with the Legislature, agencies, and stakeholders to support the State’s decarbonization goals.

Thank you for the opportunity to testify.



STATE OF HAWAII
HAWAII CLIMATE CHANGE MITIGATION & ADAPTATION
COMMISSION
POST OFFICE BOX 621
HONOLULU, HAWAII 96809

Testimony of
Anukriti Hittle
Coordinator, Hawaii Climate Change Mitigation and Adaptation Commission

Before the Senate Committee on
WAYS AND MEANS

Thursday, February 27, 2020
10:35 AM
State Capitol, Conference Room 211

In support of
SENATE BILL 3150 SD1
RELATING TO TAXATION

Senate Bill 3150 SD1 proposes to amend the environmental response, energy and food security tax to address carbon emissions, increases the tax rate to effectively set a price of \$40 per metric ton of carbon dioxide emissions in 2021, incrementally increases the tax rate over time so that, in 2030, the tax rate shall be equivalent to a carbon price of \$80 per metric ton of carbon emissions, and establishes a refundable tax credit for individuals earning sixty per cent or less of the area median income. **On behalf of the Hawaii Climate Change Mitigation and Adaptation Commission (Commission), I support this measure.**

The Hawaii Climate Change Mitigation and Adaptation Commission “recognizes the urgency of climate threats and the need to act quickly. It promotes ambitious, climate-neutral, culturally responsible strategies for climate change adaptation and mitigation in a manner that is clean, equitable and resilient.” The Commission, established by Act 32 SLH 2017 to uphold the United States’ pledges under the Paris Agreement, is the coordinating body for policies on climate change mitigation and adaptation for the state. It is a high-level multi-jurisdictional body that guides the priorities of the state’s climate response. Co-chaired by DLNR and Office of Planning, it consists of 20 members—chairs of four legislative committees, and executive department heads at the county and state levels.

The Commission believes that putting a price on carbon is the most effective single action that will achieve Hawaii’s ambitious and necessary emissions reduction goals. This is backed up by various expert organizations, including the International Monetary Fund, the Inter-Governmental

Co-Chairs:
Chair, DLNR
Director, Office of Planning

Commissioners:
Chair, Senate AEN
Chair, Senate WTL
Chair, House EEP
Chair, House WTH
Chairperson, HTA
Chairperson, DOA
CEO, OHA
Chairperson, DHHL
Director, DBEDT
Director, DOT
Director, DOH
Chairperson, DOE
Director, C+C DPP
Director, Maui DP
Director, Hawai'i DP
Director, Kaua'i DP
The Adjutant General
Manager, CZM

Panel on Climate Change, and Hawaii's *Transportation Energy Analysis* (2015).¹ According to IMF Working Paper *Macroeconomic and Financial Policies for Climate Change Mitigation: A Review of the Literature* "There is growing agreement between economists and scientists that the tail risks are material and the risk of catastrophic and irreversible disaster is rising, implying potentially infinite costs of unmitigated climate change, including, in the extreme, human extinction (see, e.g., Weitzman 2009)."² Recently, economists at reputable investment banks such as JP Morgan have stated that "the most extreme risks of climate change can't be ruled out—including the collapse of human civilization."³

This measure aims to establish a price on carbon dioxide, in order to reflect the full cost of using fuels that produce carbon dioxide to discourage behavior that is expensive to life, property and nature--and thereby decrease these emissions.

Carbon tax and the social cost of carbon. A carbon tax directly sets a price on carbon by defining a tax rate on greenhouse gas emissions or – more commonly – on the carbon content of fossil fuels. It is different from an Emissions Trading System in that the emission reduction outcome of a carbon tax is not pre-defined, but the carbon price is.⁴

A good carbon pricing mechanism, therefore, sets the carbon tax at the social cost of carbon at the very least, and higher if emissions targets for under 2 degrees warming are to be achieved.

EPA's Social Cost of Carbon (SSC) is defined as "a measure, in dollars, of the long-term damage done by a ton of carbon dioxide (CO₂) emissions in a given year."⁵ EPA and other federal agencies use estimates of the SSC to value the climate impacts of rulemakings. Per its 2016 Fact Sheet, EPA estimates that the average SSC in 2020 would be \$42 per MT.

The rate for Hawaii. Rounding this up, generally accounting for inflation and using the CPI based on UHERO's information, to \$45 in 2020 is a plausible starting point, and puts us at \$15 per barrel.⁶ Currently, Hawaii's barrel tax is \$1.05 per barrel, or approximately \$3.15 per MT CO₂e.

While these figures may appear high, they are actually on the low side of the World Bank's recommendations for a carbon tax range from \$40 to \$80 per MT CO₂e by 2020 and \$50-100 per ton by 2030, according to the High-Level Commission on Carbon Prices, co-chaired by Joseph Stiglitz and Lord Nicholas Stern.⁷ The EPA additionally recommends high-impact increases of \$123 by 2020 and \$152 by 2030 per MT CO₂e.

¹ Hawaii Climate Change Mitigation and Adaptation Commission's statement (Nov 2018), available at: <http://climate.hawaii.gov/wp-content/uploads/2018/11/NR-Climate-Commission-Recommends-Urgent-Action-to-Combat-Emissions-Nov.-28-2018.pdf>

² *Macroeconomic and Financial Policies for Climate Change Mitigation: A Review of the Literature*. Signe Krogstrup and William Oman. IMF Working Paper 2019

³ *JP Morgan Warns of Climate as a Threat to 'Human Life as We Know It.'* Katia Dmitrieva. February 21, 2020. Bloomberg Green, available at: <https://www.bloomberg.com/news/articles/2020-02-21/jpmorgan-warns-of-climate-threat-to-human-life-as-we-know-it>

⁴ See Carbon Pricing Leadership Coalition (CLPC), available at: <https://www.carbonpricingleadership.org/>

⁵ *EPA Fact Sheet*. Environmental Protection Agency (2016), available at: https://www.epa.gov/sites/production/files/2016-12/documents/social_cost_of_carbon_fact_sheet.pdf

⁶ "UHERO Consumer Price Index" (2020) US Department of Labor, Bureau of Labor Statistics, available at: https://data.uhero.hawaii.edu/#/series?id=147933&data_list_id=56&sa=true

⁷ "Report of the High-level Commission on Carbon Prices" (2017), Carbon Pricing Leadership Coalition, available at: <https://www.carbonpricingleadership.org/report-of-the-highlevel-commission-on-carbon-prices/>

Carbon taxes in the real world. According to the US Climate Leadership Council, an escalating carbon fee offers the most cost-effective climate policy solution⁸. Some may say these estimates are theoretical. However, in reality, more than 74 nations, states, and cities have implemented carbon pricing all over the world⁹. In the US, ten states have implemented SCC carbon pricing in assessing new projects¹⁰. Even as far back as 2008, the Canadian province of British Columbia (BC) implemented the first comprehensive and substantial carbon tax in North America. By 2012, the tax had reached a level of C\$30 per MT CO₂e, and covered approximately three-quarters of all greenhouse gas emissions in the province.

On January 21st, Wisconsin Democrats introduced Bill 766 in the Assembly, which requires utilities to assess the social cost of carbon when assessing new projects.¹¹ While this is not a direct price on carbon that utilities have to pay, it does set a \$50 fee per MT CO₂e that participating utilities must consider when establishing new projects, and will take into account the impacts that carbon emissions have on society. States of Washington, Minnesota, and Colorado all currently have policies similar to the proposed Wisconsin bill.

Carbon tax's effect on the economy and emissions. Jurisdictions worried about what effects carbon pricing has on their economies look again to British Columbia. According to a Nicholas Institute 2015 paper:¹²

- a. Empirical and simulation models suggest that the tax has reduced emissions in the province by 5–15%.
- b. At the same time, models show that the tax has had negligible effects on aggregate economic performance, though certain emissions-intensive sectors have faced challenges.
- c. Studies differ on the effects of the policy on income distribution but agree that they are relatively small.
- d. Finally, polling data show that the public initially opposed the tax but now generally supports it.

However, although one of the longest running carbon tax experiments, BC's example more recently shows that a carbon tax will have to be much higher than its intent to go as high as \$50 per MT to achieve climate goals. According to one source, "while BC's emissions are lower than they would have been without the carbon tax, the fact they have only levelled off underscores that either a higher carbon price or more aggressive complementary measures are needed to achieve the absolute reductions in emissions."¹³ BC's example shows that neither its economy nor its government toppled.

⁸ *A Winning Trade: How Replacing the Obama-Era Climate Regulations with a Carbon Dividends Program Starting at \$40/Ton Would Yield Far Greater Emission Reductions* (2018) David Bailey, US Climate Leadership Council.

⁹ *State and Trends of Carbon Pricing 2019* (2019) World Bank Group, Open Knowledge Repository, available at: <https://www.carbonpricingleadership.org/who>

¹⁰ "US State Carbon Pricing Policies". Center for Climate and Energy Solutions, available at: <https://www.c2es.org/document/us-state-carbon-pricing-policies/>

¹¹ "Wisconsin Considers the Social Cost of Carbon" (2020) Carlie Clarq, ClimateXChange, available at: https://climate-xchange.org/2020/02/06/wisconsin-considers-the-social-cost-of-carbon-with-newly-filed-bill/?mc_cid=a5b60cdfa4&mc_eid=576365dee0

¹² "British Columbia's Revenue-Neutral Carbon Tax: A Review of the Latest "Grand Experiment" in Environmental Policy". Murray, Brian, et al. (2015) Nicholas Institute of Environmental Policy Solutions, available at: <https://nicholasinstitute.duke.edu/climate/publications/british-columbias-revenue-neutral-carbon-tax-review-latest-grand-experiment>

¹³ "Lessons from British Columbia's carbon tax: (July 11, 2019) Kathryn Harrison, Policy Options Politiques, available at: <https://policyoptions.irpp.org/magazines/july-2019/lessons-from-british-columbias-carbon-tax/>

Justice/Equity issues. Additionally, I ask the Committees to draw their attention to the Commission's strong focus on equity, in its carbon pricing statement:

While the specific mechanisms behind a carbon fee program are not yet outlined, the Commission emphasized the urgent need for such a program, and supports legislation that endeavors to establish one, but also recognizes that any carbon pricing mechanism:

- Must be equitable, and appropriate for the people of Hawaii.
- Must demonstrate how this is a critical policy tool to protect the future—of Hawaii's keiki and 'āina.
- Must be adequate to change behavior.

The current draft of the measure addresses these equity concerns by proposing a refundable tax credit for lower income families. To minimize the impacts on this group, I urge the Committee to consider also appropriately increasing the tax credit over the years.

I also urge the Committee to consider passing this measure this year, rather than waiting till next year, as the cost of inaction is great. Any fine tuning that needs to be done to a statute could be done so next year. By putting a structure in place now would not only acknowledge the deep crisis that we are in, but actually take effective action to address the crisis.

Thank you for the opportunity to offer testimony on this measure.

DAVID Y. IGE
Governor

JOSH GREEN
Lt. Governor



PHYLLIS SHIMABUKURO-GEISER
Chairperson, Board of Agriculture

MORRIS M. ATTA
Deputy to the Chairperson

State of Hawaii
DEPARTMENT OF AGRICULTURE
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TESTIMONY OF PHYLLIS SHIMABUKURO-GEISER
CHAIRPERSON, BOARD OF AGRICULTURE

BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS

FEBRUARY 27, 2020
10:35 A.M.
CONFERENCE ROOM 211

SENATE BILL NO. 3150 SD1
RELATING TO TAXATION

Chairperson Dela Cruz and Members of the Committee:

Thank you for the opportunity to present testimony on Senate Bill 3150 SD1. This bill amends the environmental response, energy, and food security tax to address carbon emissions. The Department has strong concerns regarding this measure and offers the following comments on portions of the bill that affect this Department.

The amounts deposited into the Agricultural Development and Food Security special fund has increased incrementally over the last three years. This bill revises the method of allocation from a "cents per" tax rate to a fixed dollar amount of tax revenues from imported petroleum products that is deposited annually. This may have the potential to reduce funding for the growing agricultural industry in the state going forward. The bill does maintain the percentage-based allocation method for the tax on imported fossil fuels. The increased tax rates proposed on imported fossil fuels may increase the amount that is deposited into the special fund. It is essential that funding increases are proportional to the growing support needs of the Agricultural Industry. Increased revenues will be utilized to fund positions and programs to purchase, protect and put agricultural lands into agricultural production, repair irrigation systems, lower the



costs of farming, and raise both the supply and demand of local food and other initiatives to assist the agricultural industry. The Agricultural Development and Food Security Special Fund is statutorily designated to be used for agricultural production and processing in HRS 141-10(c). The Department respectfully submits that redirection or reduction of its funds for other purposes that do not pertain directly to agriculture should be drawn instead from other more appropriate sources which have been established for such purposes.

Thank you again for the opportunity to testify on this measure.

SB-3150-SD-1

Submitted on: 2/26/2020 11:32:44 AM

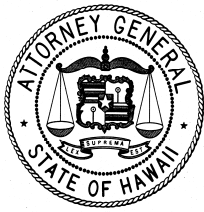
Testimony for WAM on 2/27/2020 10:35:00 AM

LATE

Submitted By	Organization	Testifier Position	Present at Hearing
Joslyne Camlin	Testifying for Department of Health	Comments	No

Comments:

[Testimony COMMENTING on SB3150 SD1](#)



**WRITTEN TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
THIRTIETH LEGISLATURE, 2020**

LATE

ON THE FOLLOWING MEASURE:

S.B. NO. 3150, S.D. 1, RELATING TO TAXATION.

BEFORE THE:

SENATE COMMITTEE ON WAYS AND MEANS

DATE: Thursday, February 27, 2020 **TIME:** 10:35 a.m.

LOCATION: State Capitol, Room 211

TESTIFIER(S): **WRITTEN TESTIMONY ONLY.**
(For more information, contact Janine R. Udui,
Deputy Attorney General, at 586-1470)

Chair Dela Cruz and Members of the Committee:

The Department of the Attorney General has concerns regarding this bill and provides the following comments.

This bill amends the environmental response, energy, and food security tax to address carbon emissions, increases the tax rate to set a price of \$40 per metric ton of carbon dioxide emissions in 2021, incrementally increases the tax rate over time, and establishes a refundable income tax credit for individuals earning sixty percent or less of the area median income. A "qualified taxpayer" under this bill is defined as a "resident taxpayer" who either files an individual income tax return, a married individual filing a separate return, a married couple filing a joint return, or a surviving spouse, and has a gross annual household income within the ranges listed in subsection (b)(1) or (2) of the bill. See page 8, lines 1-10.

This bill may be subject to a challenge under the Privileges and Immunities Clause and the Commerce Clause of the United States Constitution.

Privileges and Immunities Clause

The Privileges and Immunities Clause provides that "[t]he Citizens of each State shall be entitled to all Privileges and Immunities of Citizens in the several States." U.S. Const. art. IV, § 2, cl. 1. The Clause "prohibits a State from denying nonresidents a general tax exemption provided to residents." *Lunding v. New York Tax Appeals*

Tribunal, 522 U.S. 287, 302 (1998) (holding state law that allowed residents to take income tax deduction for alimony payments but disallowed deduction for nonresidents violated Privileges and Immunities Clause).

A challenge under the Privileges and Immunities Clause, however, may be overcome where there is a "substantial reason for the difference in treatment" and the discrimination against nonresidents "bears a substantial relationship to the State's objective." *Lunding*, 522 U.S. at 298; see, e.g., *United Bldg. & Constr. Trades Council v. Mayor & Council of Camden*, 465 U.S. 208, 222 (1984) (indicating a hiring preference for residents may be justified by evidence of "spiraling unemployment, a sharp decline in population, and a dramatic reduction in the number of businesses located in the city" resulting in the city's depleted tax base from eroded property values and "middle class flight"); but see, e.g., *Hicklin v. Orbeck*, 437 U.S. 518, 526-27 (1978) (holding a hiring preference for residents lacked substantial reason for discrimination where there was no evidence that nonresidents caused high unemployment among residents and where many residents were unemployed due to lack of education and job training).

Under this bill, only residents will be eligible to claim the income tax credit. Further, the stated purpose of the income tax credit, to offset the burden of the carbon tax on low-income households, does not address the reason for the different tax treatment of residents versus nonresidents. Accordingly, this bill may be subject to a constitutional challenge under the Privileges and Immunities Clause.

Commerce Clause

The Commerce Clause provides that "[t]he Congress shall have Power . . . [t]o regulate Commerce . . . among the several States." U.S. Const. art. I, § 8, cl. 3. "Though phrased as a grant of regulatory power to Congress, the clause has long been understood to have a 'negative' aspect that denies the States the power unjustifiably to discriminate against or burden the interstate flow of articles of commerce." *Oregon Waste Sys., Inc. v. Dep't of Env'tl. Quality*, 511 U.S. 93, 98 (1994).

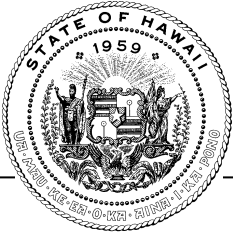
A tax on interstate commerce will be sustained "when the tax is applied to an activity with a substantial nexus with the taxing State, is fairly apportioned, does not discriminate against interstate commerce, and is fairly related to the services provided

by the State." *Complete Auto Transit, Inc. v. Brady*, 430 U.S. 274, 279 (1977). If a tax discriminates against interstate commerce by providing "differential treatment of in-state and out-of-state economic interests that benefits the former and burdens the latter," the tax will be *per se* invalid unless the tax "advances a legitimate local purpose that cannot be adequately served by reasonable nondiscriminatory alternatives." *Oregon Waste*, 511 U.S. at 99, 101.

The taxing of income earned across state lines will be struck down under the Commerce Clause if it has the effect of impeding interstate transactions. See e.g., *Comptroller of Treasury of Md. v. Wynne*, 135 S.Ct. 1787 (2015) (Maryland's income tax scheme struck down as unconstitutional because it taxed income earned in the state at a lower rate than income earned outside the state thereby creating an incentive for taxpayers to opt for intrastate rather than interstate economic activity). The Commerce Clause applies equally to individuals and corporations, and there is no distinction between gross receipts and net income taxes when analyzing its effect on interstate transactions. *Id.* at 1794. Here, the income tax credit is only available to resident taxpayers; nonresident taxpayers subject to Hawaii income tax are not eligible for the tax credit. Accordingly, there could be a challenge under the Commerce Clause because this may create a disincentive for nonresidents to conduct income-earning activities in this State.

S.B. No. 3150, S.D.1

To avoid a constitutional challenge, we respectfully ask that these concerns be addressed. One way to do so is to amend S.B. No. 3150, S.D.1, by deleting the word "resident" on page 8, line 2. Thank you for the opportunity to provide comments.



OFFICE OF PLANNING STATE OF HAWAII

LATE

DAVID Y. IGE
GOVERNOR

MARY ALICE EVANS
DIRECTOR
OFFICE OF PLANNING

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Statement of
MARY ALICE EVANS
Director, Office of Planning
before the
SENATE COMMITTEE ON WAYS AND MEANS
Thursday, February 27, 2020
10:35 AM
State Capitol, Conference Room 211

in consideration of
SB 3150, SD 1
RELATING TO TAXATION

Chair Dela Cruz, Vice Chair Keith-Agaran, Members of the Senate Committee on Ways and Means:

The Office of Planning offers the following **comments** on SB 3150, SD 1. This measure amends the environmental response, energy, and food security tax to address carbon emissions. SB 3150, SD 1 increases the tax rate to effectively set a price of \$40 per metric ton of carbon dioxide emissions in 2021. The measure incrementally increases the tax rate over time so that, in 2030, the tax rate shall be equivalent to a carbon price of \$80 per metric ton of carbon emissions. The measure also establishes a refundable tax credit for individuals earning sixty per cent or less of the area median income.

In accordance with Act 16, Session Laws of Hawai'i 2019, the Office of Planning investigated and recently published the *Feasibility and Implications of Establishing a Carbon Offset Program for the State of Hawai'i* on December 2019. The publication may be found at the Office of Planning's website:
http://files.hawaii.gov/dbedt/op/sustainability/feasibility_and_implications_of_establishing_a_carbon_offset_program_for_the_state_of_hawaii_finalweb.pdf.

The Office of Planning notes that the Legislature passed Act 122, Session Laws of Hawai'i 2019, tasking the Hawai'i State Energy Office to conduct a study of carbon pricing, including whether and how a carbon pricing policy shall be implemented in Hawai'i.

The Office of Planning recommended in the *Feasibility and Implications of Establishing a Carbon Offset Program for the State of Hawai'i* that in accordance with Act 122, Session Laws of Hawai'i 2019, to conduct a study on carbon pricing, including whether and how a carbon pricing policy shall be implemented in Hawai'i. The Office of Planning recommended that any potential carbon pricing mechanism should align with the current goals of the State of Hawai'i and should account for the regressivity conclusion made in Appendix A of the *Report of the 2015-2017 Tax Review Commission*.

In the *Feasibility and Implications of Establishing a Carbon Offset Program for the State of Hawai‘i*, the Office of Planning discussed the availability of alternative greenhouse gas reduction implementation mechanisms to include: carbon tax, cap-and-trade, carbon fees, greenhouse gas reduction funds, building codes and standards, and integrated greenhouse gas reduction plans. The most common examples of carbon pricing are a carbon tax and cap-and-trade. Chapter 6 also provides a general overview of carbon markets.

The World Bank’s *State and Trends of Carbon Pricing 2019* carbon pricing evaluation estimated that to be consistent with achieving the U.N. Paris Agreement temperature target, the minimal price range on emissions range from \$40 to \$80 per metric ton of greenhouse gases by the year 2020, and \$50 to \$100 per metric ton of per metric ton of greenhouse gases by the year 2030.¹ Act 32, Session Laws of Hawai‘i 2017, documented the state’s commitment to combat climate change by systematically reducing greenhouse gas emissions and be closely aligned with the principles and goals adopted in the U.N. Paris Agreement and Hawaii’s share of obligations within the expectations apportioned to the United States in the Paris Agreement, regardless of federal action.

The State of Hawaii’s Tax Review Commission addressed the topic of a carbon tax in its *Report of the 2015-2017 Tax Review Commission*.² This report recommended an in-depth study on whether Hawai‘i should institute a carbon tax. The Tax Review Commission recommended that the study should consider: the effect of other state goals, what to do with revenue, and the best way to apply the tax. Furthermore, Appendix A of the *Report of the 2015-2017 Tax Review Commission*, includes a report of the PFM Consulting Group, LLC- “State of Hawai‘i Tax Review Commission: Study of the Hawai‘i Tax System.”³ Alternative 6 of Appendix A summarizes the use of a carbon tax in Hawai‘i as a potential revenue strategy and excise tax alternative. This summary explains that a carbon tax would likely affect the cost of energy, transportation, and goods produced in Hawai‘i. Because the tax would affect a significant portion of consumer expenditures, the tax burdens could be significant. This summary concludes that studies (published in 2016) have shown that the carbon tax would be regressive since low income households spend a greater percentage of their incomes on energy and given the scale of spending on energy goods by lower income households, a carbon tax would make Hawaii’s tax system significantly more regressive.

The Office of Planning thanks the Legislature for considering the impacts of regressivity in this measure by adding a refundable tax credit in SB 3150, SD 1.

The Office of Planning appreciates the opportunity to provide comments on SB 3150, SD 1.

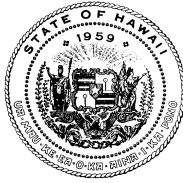
¹ World Bank Group. 2019. *State and Trends of Carbon Pricing 2019*. Washington DC: World Bank. © World Bank. <https://openknowledge.worldbank.org/handle/10986/31755> License: CC BY 3.0 IGO.

² State of Hawaii Tax Review Commission. 2018. *Report of the 2015-2017 Tax Review Commission*. http://files.hawaii.gov/tax/stats/trc/docs2017/trc_rpt_2017.pdf

³ State of Hawaii Tax Review Commission. 2018. *Appendix A: Report of the PFM Group Consulting LLC— “State of Hawaii Tax Review Commission: Study of the Hawaii Tax System.”*

http://files.hawaii.gov/tax/stats/trc/docs2017/Appendix%20A-State%20of%20Hawaii%20Tax%20Review%20Commission%20Study-A%20Study%20of%20the%20Hawaii%20Tax%20System%20-PFM_Group_Consulting_LLC.pdf

DAVID Y. IGE
GOVERNOR OF HAWAII



BRUCE S. ANDERSON, Ph.D.
DIRECTOR OF HEALTH

LATE

STATE OF HAWAII
DEPARTMENT OF HEALTH
P. O. Box 3378
Honolulu, HI 96801-3378
doh.testimony@doh.hawaii.gov

WRITTEN
TESTIMONY ONLY

**Testimony COMMENTING on SB3150 SD1
RELATING TO TAXATION**

SENATOR DONOVAN M. DELA CRUZ, CHAIR
SENATOR GILBERT S.C. KEITH-AGARAN, VICE CHAIR
COMMITTEE ON WAYS AND MEANS

Hearing Date: 2/27/2020

Room Number: 211

- 1 **Fiscal Implications:** This measure may impact the priorities identified in the Governor's
- 2 Executive Budget Request for the Department of Health's (Department) appropriations and
- 3 personnel priorities. The measure sets a fixed earmark of \$1,291,000 allocated to the
- 4 environmental response revolving fund under section 128D-2 instead of the 5 cent tax on each
- 5 barrel of petroleum product.
- 6 **Department Testimony:** The Department appreciates the intent of this measure to address
- 7 statewide carbon emissions and that the measure preserves the required environmental response
- 8 revolving funding needed to carry out its' mission of protecting human health and the
- 9 environment.
- 10 **Offered Amendments:** None
- 11 Thank you for the opportunity to testify on this measure.

SB-3150-SD-1

Submitted on: 2/25/2020 4:39:49 PM

Testimony for WAM on 2/27/2020 10:35:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Climate Protector	Testifying for Climate Protectors Coalition	Support	No

Comments:

Decision making Thursday, February 27, 10:35am, room 211

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Committee on Ways and Means.

The Climate Protectors Coalition **strongly supports** SB3150 SD1!

We are a new group inspired by the Mauna Kea Protectors but focused on reversing the climate crisis. As a tropical island State, Hawaii will be among the first places harmed by the global climate crisis, with more intense storms, loss of protective coral reefs, and rising sea levels. We must do all we can to reduce our carbon footprint and become at least carbon neutral as soon as possible.

Setting a price on carbon and adjusting it gradually through 2030 as proposed in this bill is one of the most significant steps Hawai'i could take to address the climate crisis. This approach would be effective because it would begin to align price signals with the hidden external costs of carbon emissions that threaten our future. This broad and consistent approach is more fair and more effective than fuel or other sector-specific taxes. The tax credit provision would help moderate to low income households deal with the transition to proper taxation based on the true costs of carbon emissions. Please pass this bill. Mahalo!



Young Progressives Demanding Action
P.O. Box 11105
Honolulu, HI 96828

February 27, 2020
10:35 AM

TO: Senate Committee on Ways & Means
RE: Testimony in Support of SB3150 SD1

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran, Members of the Senate Committee on Ways & Means,

Young Progressives Demanding Action (YPDA) advocates for public policies that reflect the values of young people throughout the State of Hawai'i. Climate change is the largest threat to our livelihoods and needs to be addressed immediately. YPDA **supports SB3150 SD1**, Relating to Taxation as this will help us move our economy away from fossil fuels.

Carbon Pricing is Essential to Combating Climate Change

The United Nations's Intergovernmental Panel on Climate Change has identified a carbon price as central to lowering our carbon emissions. They recommend a price of between [\\$135 and \\$5,500 per ton of carbon emissions](#) to keep us below 1.5°C of warming from pre-industrial levels. This proposal of \$80 fails to reach the minimum threshold, so needs to be adjusted significantly upwards.

Carbon Pricing is the Most Cost-Effective Way to End our Carbon Emissions

27 Nobel Laureates and more than 3,000 other [economists agree](#) that putting a price on carbon is the most cost-effective way to reduce our carbon emissions. With such broad agreement, it's necessary we move forward with their recommendation.

Cost of Inaction is Exponential

Hawaii's carbon emissions continue at unacceptable levels. The longer it takes for us to reduce our emission, the more severe and drastic the consequences will be. We still have time to make reasonable steps towards carbon neutrality, so we need to act immediately.

Young Progressives Demanding Action is in **Support** of **SB3150 SD1**. Please pass it out of your committee.

Mahalo for the opportunity to testify,

Jun Shin,
Environmental Justice Action Committee Chair
Young Progressives Demanding Action (YPDA)
Cell: 808-255-6663
Email: junshinbusiness729@gmail.com
CC: action@ypdahawaii.org

Testimony of Ku'uhaku Park
On Behalf of Matson
Comments on SB3150, SD1
Before the Committee on Ways and Means
February 27, 2020

Dear Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee,

Matson provides comments on SB3150, SD1, Relating to Taxation, which among other things, increases the tax rate of carbon dioxide emissions to \$40 per metric ton in 2021.

Act 122, Session Laws of Hawaii 2019 appropriated \$150,000 to the Hawaii State Energy Office for a carbon pricing study. Matson believes that discussion on setting a tax rate for carbon emissions should take place after the Hawaii State Energy Office is completed. Waiting for completion of the study will enable discussions to start from a more informed point.

Thank you for considering this testimony.



February 27, 2020

**TESTIMONY BEFORE THE SENATE COMMITTEE ON WAYS & MEANS
ON SB 3150 SD1 RELATING TO TAXATION**

Aloha Chair Dela Cruz and committee members. I am Gareth Sakakida Managing Director of the Hawaii Transportation Association (HTA) with over 375 members involved with the commercial ground transportation industry.

HTA opposes this bill.

We understand the intent of reducing greenhouse gas emissions. However, increasing the cost of operations for an industry already struggling to gather resources to fund commercial Electric Vehicles is counterproductive.

Trucking companies in Hawaii are at the “Mom and Pop” scale and are unable to turnover their vehicles to alternatives that cost from five to ten times the amount of gasoline or diesel powered ones.

That capital cost alone makes the fleet turnover a daunting task. An increase of operational costs whether it is a carbon tax, fuel tax, labor or insurance just piles up the mountain higher.

Hawaii is an isolated land mass relying on the air, water, and ground, transportation modes for everything. Nearly 100% of everything you see in your office and home, nearly 100% of everything you eat comes from outside our state. Increasing costs to our lifelines will, in turn, cost Hawaii residents dearly.

Putting a price on carbon merely boosts our industry’s and residents’ price to survive.

Mahalo.



Tom Jones, Chairman – Gyotaku **Greg Maples, Incoming Chair** – Pounders Restaurant
Paul Reynolds, Vice Chair – Outback Steakhouse **Dirk Koeppenkastrop, Secretary** – Il Gelato Hawaii
Tammy Fukugawa, Treasurer – TS Restaurant **Keli'i Gouveia, Past Chair** – Duke's Waikiki

Sheryl Matsuoka, Executive Director **Leila Morinaga**, Executive Assistant **Holly Kessler**, Director of Membership Relations

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Tom Jones
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Wade Hashizume

To: Sen. Donovan M Dela Cruz, Chair
Sen. Gilbert S.C. Keith-Agaran, Vice Chair
Committee on Way & Means

From: Victor Lim, Legislative Lead
Hawaii Restaurant Association

Subj: SB3150 SD1 Relating to Taxation

Date: February 25, 2020

The Hawaii Restaurant Association representing over 3,500 restaurants here in Hawaii stands opposed to SB 3150 SD1 that would amend the environmental response, energy, and food security tax to address carbon emissions.

We are in support of Hawaii playing a leading role in protecting our environment and increasing our energy efficiency but we believe that we need to approach actions that might result in unforeseen consequences and burdens on our local businesses with caution.

We also believe that Act 122 which was signed into law last year by Governor Ige establishing the Hawaii State Energy Office included the office to conduct a study on carbon pricing. This study will help us determine whether and how a carbon pricing policy shall be implemented in Hawaii. This bill is premature at this point and recommends that you defer it for now.

Thank you for the opportunity to share our testimony.

Allied Members:

Biff Graper
Dan Pence
Doug Harris
Gerda Tom
Jason Wong
Matt Rose
Michael Griffith
Naomi Azama
Sharon Shigemoto
Stevette Santiago

Advisory Board

Derek Conselva
Heather Pence
Jerry Agrusa
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Justin Yoshino
Kehau Giles
Lisa Tomihama
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Richard Turbin
Sidney Higa
Victor Lim





Healthy Climate
Communities

Testimony in support of SB3150

COMMITTEE ON WAYS AND MEANS

Hearing Thursday, February 27, 2020 10:35 am

Aloha Chair Dela Cruz, Vice-Chair Keith-Agaran and Committee Members,

I am writing in strong support of HB3150.

The price of fossil fuels should reflect their true cost. A carbon tax is a means of adding the cost of the negative environmental externalities to the price of fossil fuels. It is important that the tax generates the right incentives and is not regressive.

Mahalo,

Dr. Lisa Marten

Executive Director
Healthy Climate Communities
healthyclimate@hawaii.rr.com



Testimony Before the Senate Committees on Ways and Means

By David Bissell
President and Chief Executive Officer
Kauai Island Utility Cooperative
4463 Pahee Street, Suite 1, Lihue, Hawaii, 96766-2000

Thursday, February 27, 2020; 10:35 am
Conference Room # 211

Senate Bill 3150 SD1 – Relating to Taxation

To the Honorable Chair Senator Donovan M. Dela Cruz, Vice Chair Senator Gilbert S.C. Keith-Agaran, and Members of the Committee:

Kauai Island Utility Cooperative (KIUC) is a not-for-profit utility providing electrical service to more than 33,000 commercial and residential members. Over the past 10 years, KIUC has made great strides in achieving the state mandate of 100% renewable generation by the year 2045. In 2019, KIUC's energy mix included roughly 55% renewable generation.

KIUC **opposes this measure** as it relates to electric utilities in Hawaii and, in particular, to KIUC.

As you know, HRS 269-92 requires electric utilities to achieve 100% renewable generation by 2045. The law also creates benchmarks to be reached by the utilities, namely: 30% by 2020, 40% by 2030 and 70% by 2040. These goals were devised so that the transition to 100% renewable could be done in a manner that "benefits the state's economy and all electric customers, maintains customer affordability, and does not induce renewable energy developers to artificially increase the price of renewable energy in Hawaii."

While this bill would create a strong incentive for entities in the State of Hawaii to reduce their usage of fossil fuels or be subject to extreme financial penalties, Hawaii's electric utilities do not need such an incentive. We are operating under the mandate prescribed by HRS 269-92, which provides for penalties for non-compliance.

The carbon tax as outlined in this bill takes effect in 2021. KIUC estimates that in 2021 we will be producing electricity that is 60% renewable: double the amount required in 2021 under HRS 269-92. Further, the three most recent renewable projects KIUC has deployed are saving our members money: all are significantly lower priced than the current cost of diesel.

Ironically, if this bill takes effect as currently written, KIUC would be penalized for performing so well against the mandated benchmark. We are still assessing the potential cost of a carbon tax as outlined in this bill. Initial estimates reveal that the financial impact would be more than \$7 million in the first year. As a not-for-profit cooperative, this cost would need to be passed along to our member-owners. Any financial savings we are realizing by accelerating our transition to a 100% renewable grid would be more than wiped out by this bill. KIUC's customers, who already pay some of the highest per kilowatt hour prices in the nation, would bear the brunt of this tax.

KIUC, through its strategic planning process, has created a roadmap to 100% renewable that will allow us to comply with HRS 269-92 and likely meet the mandate's benchmarks well ahead of schedule. We anticipate we will be able to do this while simultaneously stabilizing – and possibly even lowering - rates for members. This bill would require us to rethink current strategies for reaching 100% renewable in order to avoid a severe short-term financial penalty, which we do not believe is in the long-term best interest of our customers.

Mahalo for your consideration.



Email: communications@ulupono.com

SENATE COMMITTEE ON WAYS & MEANS
Thursday, February 27, 2020 — 10:35 a.m. — Room 211

Ulupono Initiative offers comments on SB 3150 SD 1, Relating to Taxation.

Dear Chair Dela Cruz and Members of the Committee:

My name is Amy Hennessey, and I am the Senior Vice President of Communications & External Affairs at Ulupono Initiative. We are a Hawai'i-based impact investment firm that strives to improve our community's quality of life by creating more locally produced food; increasing affordable clean, renewable energy and transportation options; and better managing waste and freshwater resources.

Ulupono offers comments on SB 3150 SD 1, which amends the environmental response, energy, and food security tax to address carbon emissions; increases the tax rate to effectively set a price of \$40 per metric ton of carbon dioxide emissions in 2021; incrementally increases the tax rate over time so that, in 2030, the tax rate shall be equivalent to a carbon price of \$80 per metric ton of carbon emissions; and establishes a refundable tax credit for individuals earning sixty percent or less of the area median income.

We support a carbon pricing strategy and framework broadly, but do believe it is imperative that it is implemented deliberatively and comprehensively. The current proposal raises key questions:

- Implications on existing revenues – what happens to other emissions and fuel use related taxes under a carbon tax and the programs funded? For example, how do transportation funding programs adapt to reduced fuel use? And how can those agencies programs be reconfigured to help support our climate goals versus hindering them through inducing greater vehicle miles traveled as they currently do?
- Addressing aviation effectively – currently, it seems that carbon taxes on aviation fuel would require a special fund for distribution of revenues at airports. However, other funding sources such as the rental car facility charge suggest that the aviation lockbox is not as secure as previously assumed.

Investing in a Sustainable Hawai'i

- Exploring new mechanisms for decision-making – the carbon tax is a significant policy effort that may also be an opportunity to engage with our community members across the state proactively – opening up the discussion around the problems we are facing and the ability of this mechanism, if adopted in a progressive and equitable manner, to help address these challenges.
- Advancing equity – we commend this proposal’s attempt to address equity issues. However, it is unclear to what extent this proposal helps address these issues. The State’s climate goals and commission demand a fair system that is Hawai’i-appropriate to change behavior. Accommodations and analyses of such fairness need to be explored more thoroughly. Many would say that the carbon tax as a whole should actually be revenue neutral, or close to it, in order to change behavior and balance the naturally regressive nature of a carbon tax, but not adversely impact the economy.
- Understanding total revenues – it seems plausible that this could be a very significant revenue source for the state and little has been presented to estimate how significant this revenue source could be and to what extent the EITC offsets the collection of revenues.

If these carbon tax measures move forward, we recommend that these points be considered more fully and UluPono offers up a willingness to participate in a public-private partnership to help further consideration for these important questions.

Thank you for this opportunity to testify.

Respectfully,

Amy Hennessey, APR
Senior Vice President, Communications & External Affairs



Testimony of Kimo Haynes,
President of the Hawaii Petroleum Marketers Association

**OFFERING COMMENTS ON SENATE BILL 3150, SENATE DRAFT 1,
RELATING TO TAXATION**

Senate Committee on Ways & Means
The Honorable Donovan Dela Cruz, Chair
The Honorable Gilbert Keith-Agaran, Vice Chair

Thursday, February 27, 2020 at 10:35 a.m.
Hawaii State Capitol, Conference Room 211

Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Committee,

I am Kimo Haynes, president of the Hawaii Petroleum Marketers Association (“HPMA”). HPMA is a non-profit trade association comprised of members who directly market liquid motor fuel products across the Hawaiian Islands. Our membership includes individuals and companies who operate as independent marketers, jobbers or distributors of petroleum products and who buy liquid motor fuel products at the wholesale level and sell or distribute products to retail customers, other wholesalers, and other bulk consumers.

Senate Bill 3150, Senate Draft 1 amends the environmental response, energy, and food security tax to address carbon emissions. Increases the tax rate to effectively set a price of \$40 per metric ton of carbon dioxide emissions in 2021. Incrementally increases the tax rate over time so that, in 2030, the tax rate shall be equivalent to a carbon price of \$80 per metric ton of carbon emissions. Establishes a refundable tax credit for individuals earning sixty per cent or less of the area median income. Takes effect 1/1/2022.

HPMA offers the following comments.

HPMA agrees with the recommendation made by the Hawaii Office of Planning in December 2019 at the conclusion of its report titled, **“Feasibility and Implications of Establishing a Carbon Offset Program for the State of Hawaii,”** pursuant to Act 16, Session Laws of Hawaii 2018. In Section 9, page 68, it reads as follows:

“In Accordance with Act 122, Session Laws of Hawaii 2019, conduct a study on carbon pricing, including whether and how a carbon pricing policy shall be implemented in Hawaii. Any potential carbon pricing mechanism should align with the current goals of the State of Hawaii,

Comments on SB 3150, SD 2, Relating to Taxation
Senate Committee on Ways & Means
Hawaii State Capitol, Room 221
Thursday, February 27, 2020 at 10:35 a.m.
Page 2

now that the state is on track to meet its 2020 greenhouse gas emissions reduction target and has a more ambitious Zero Emissions Clean Economy target for 2045.”

We believe this additional study is of material importance to establishing a viable carbon emissions pricing mechanism, and the study should be conducted prior to the enactment of carbon pricing legislation. As such, HPMA would appreciate being part of the study, planning and discussion surrounding potential carbon pricing.

Thank you for allowing HPMA the opportunity to submit written comments for the Committee's consideration.

SB-3150-SD-1

Submitted on: 2/26/2020 9:16:50 AM

Testimony for WAM on 2/27/2020 10:35:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Mark White	Testifying for Citizens' Climate Lobby	Support	No

Comments:

Aloha Members of the Senate Ways & Means Committee,

I strongly **support** Senate Bill 3150, SD1. My name is Mark White and I am a volunteer co-leader with the Maui Chapter of Citizens' Climate Lobby (CCL). CCL has a strong and growing local presence throughout Hawai'i comprised of resident volunteers very concerned about climate change. We believe that climate change is one of the greatest threats to Hawai'i's people, our country and the entire planet.

The United Nation's Intergovernmental Panel on Climate Change has identified carbon pricing as central to lowering human carbon emissions, the primary culprit in climate change. Nobel laureate economists and more than 3,000 other economists agree that putting a price on carbon is the most cost-effective, efficient and market friendly way to reduce our carbon emissions. If we don't act now, we're nearing a point of no return when it comes to the environment, our health and our economy. We can no longer be the generation that fails to act with the required urgency to address the climate change problem.

I applaud the most recent amendments to the original bill to provide tax rebates to lower income households. However, the rebates proposed are still insufficient to adequately compensate for the increased cost of living that would result from the bill per several existing and comprehensive, economic impact studies. Please consider increasing the tax rebate amounts proposed in SB3150, SD1, especially for the lowest income levels and providing more specifics about how any surplus revenue would be used. This would greatly enhance the transparency of the bill, ensure broader support and provide for greater social justice.

Mahalo nui for the opportunity to testify in **support** of this critically important bill.

Mark L White

Maui Chapter Co-Leader

Citizens' Climate Lobby



Chamber of Commerce HAWAII

The Voice of Business

**Testimony to the Senate Committee on Ways and Means
Thursday, February 27, 2020 at 10:35 A.M.
Conference Room 211, State Capitol**

RE: SB 3150 SD1, RELATING TO TAXATION

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **opposes** SB 3150 SD1, which amends the environmental response, energy, and food security tax to address carbon emissions. This bill would also increase the tax rate to effectively set a price of \$40 per metric ton of carbon dioxide emissions in 2021 and incrementally increase the tax rate over time so that, in 2030, the tax rate shall be equivalent to a carbon price of \$80 per metric ton of carbon emissions. This bill would also establish a refundable tax credit for individuals earning sixty percent or less of the area median income.

The Chamber is Hawaii's leading statewide business advocacy organization, representing 2,000+ businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

Hawaii continues to play a leading role in protecting our environment and increasing energy efficiency. We believe in the benefits of a sustainable future, but we must ensure that solutions that would affect the business community do not impede or create unintended burdens on entrepreneurs. Policies need to be shaped to create common ground, especially so that businesses can have the flexibility to develop and create practical, reasonable and rational solutions to address these important issues. Furthermore, rather than mandates, we encourage innovation and technology to finding solutions.

Additionally, the Chamber would note that Act 122, which was signed into law last year by Governor Ige established the Hawaii State Energy Office and included a provision for the office to conduct a study of carbon pricing. This study would help to determine "whether and how a carbon pricing policy shall be implemented in Hawaii." We feel that until this study has been completed, this bill would be premature. This study will help to provide lawmakers with valuable data for future policies and ensure that there are no unintended consequences to businesses and consumers across the state.

Thank you for this opportunity to provide testimony on SB 3150 SD1.

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: INCOME, FUEL, Adoption of Carbon Tax, Income Tax Credit for Low Income Ratepayers

BILL NUMBER: SB 3150, SD-1

INTRODUCED BY: Senate Committee on Agriculture & Environment

EXECUTIVE SUMMARY: Amends the environmental response, energy, and food security tax to address carbon emissions. Increases the tax rate to effectively set a price of \$40 per metric ton of carbon dioxide emissions in 2021. Incrementally increases the tax rate over time so that, in 2030, the tax rate shall be equivalent to a carbon price of \$80 per metric ton of carbon emissions. Establishes a refundable tax credit for individuals earning sixty per cent or less of the area median income.

SYNOPSIS: Adds a new section to chapter 235, HRS, granting a refundable tax credit to mitigate the effect of a carbon emissions tax on lower income taxpayers. The amount of the tax credit is as follows (MFS = married filing separately, HOH = head of household, MFJ = married filing jointly):

Gross annual household income (single)	Credit amount
To \$20,000	\$250
> \$20,000 to \$30,000	\$200
> \$30,000 to \$40,000	\$150
> \$40,000 to \$50,000	\$100
> \$50,000 to \$60,000	\$50
> \$60,000	\$ 0
Gross annual household income (HOH, MFS, MFJ)	Credit amount
To \$20,000	\$500
> \$20,000 to \$30,000	\$400
> \$30,000 to \$40,000	\$300
> \$40,000 to \$60,000	\$200
> \$60,000 to \$75,000	\$100
> \$75,000	\$ 0

Gross annual household income is not defined, and no credit appears to be provided for the “surviving spouse” filing status.

Amends section 243-3.5, HRS, to rename the barrel tax the “environmental response, energy, carbon emissions, and food security tax.” Raises the tax from \$1.05 on each barrel or fractional

part of a barrel of petroleum product to the following, which is said to correspond to \$40 per metric ton of CO₂ emissions in 2020, and increase to \$80 in 2030:

Product	2021	2024	2027	2030
Propane; Butane	\$10.47	\$13.96	\$17.45	\$20.94
Gasoline	\$8.22	\$13.20	\$18.18	\$23.16
Diesel	\$10.35	\$15.08	\$21.01	\$26.34
Kerosene	\$16.38	\$21.84	\$27.30	\$32.76
Aviation gas	\$14.03	\$18.71	\$23.39	\$28.07
Jet fuel	\$16.07	\$21.43	\$26.79	\$32.15
No. 6 Fuel oil	\$19.81	\$26.41	\$33.01	\$39.62
Other	\$16.00	\$21.33	\$26.66	\$32.00

For non-petroleum fossil fuels, the tax per one million BTU is increased from 19 cents to:

Product	2021	2024	2027	2030
Coal (all forms)	\$3.92	\$5.22	\$6.53	\$7.84
Natural gas (including LNG)	\$2.12	\$2.82	\$3.53	\$4.24

Replaces the existing earmarks of taxes per barrel with the following:

- (1) \$1,291,000 to the environmental response revolving fund;
- (2) \$3,872,000 to the energy security special fund;
- (3) \$2,582,000 to the energy systems development special fund;
- (4) \$3,872,000 to the agricultural development and food security special fund;
- (5) All taxes paid on gasoline or other aviation fuel sold for use in or used for airplanes to the airport revenue fund; and
- (6) All taxes paid on gasoline, diesel, or other fuel sold for use in or used for small boats to the boating special fund.

The tax is grandfathered as to coal used to fulfill an existing power purchase agreement in effect as of June 30, 2015, but grandfathering protection will not apply to a different PPA or an extension of the existing one.

Makes technical and conforming amendments.

EFFECTIVE DATE: January 1, 2022

STAFF COMMENTS: An economist from UHERO, the University of Hawaii Economic Research Organization, posted [an analysis](#) arguing that strong, decisive action such as a carbon

tax is going to be needed if we are going to achieve the greenhouse gas goals. “But without any specifics as to how we are to achieve [greenhouse gas] reductions – through a carbon tax or otherwise – it is largely symbolic,” she argues.

So what is a carbon tax? It is a tax imposed on the carbon content of different fuels. Typically, it is due and payable when the fuel is either extracted and placed into commerce, or when it is imported. At present, neither the U.S. federal government nor any U.S. state has enacted a carbon tax. The city of Boulder, Colorado, enacted one by referendum in 2006; it applies at the rate of \$7 per metric ton of CO₂ and is imposed on electricity generation only. Several European Union countries, Japan, and South Africa [have carbon taxes](#).

Presently, we have a liquid fuel tax (chapter 243, HRS). Like a carbon tax, the fuel tax is imposed upon import and entry into commerce. So, PFM Group, the consultant employed by the Hawaii Tax Review Commission, in its [final report](#) thought that the systems and processes we now have in place to collect fuel tax in Hawaii can be adapted to a carbon tax, and for that reason concluded that a carbon tax would entail “[l]ittle administrative burden.” There are, however, several important differences between the two.

Both the county and state governments are given the power to impose fuel tax. This bill does not repeal the state fuel tax and does not affect the counties’ power to impose fuel tax. Rather, the carbon tax is to replace the barrel tax which is now imposed at \$1.05 per barrel of imported petroleum product and on other fossil fuels based on BTU equivalent.

The potential big losers will be the electric companies, because electric generation accounted for 6.8 million metric tons of CO₂ that Hawaii produced in 2013 out of a total 18.3 million metric tons. However, the electric companies won’t simply absorb the tax, but can be expected to pass on the enhanced costs to anyone who gets an electric bill.

Perhaps it’s good for lawmakers to worry about the end of the world as we know it, which perhaps will be staved off by the social change the tax encourages. But their constituents are worried not about the end of the world, but the end of next week. Will their paychecks be enough to pay the rent, keep the lights on, or feed the family? If the cost of simply driving to work from the suburbs is horrible now, just wait until the tax kicks in.

And if you think the hammer of a carbon tax will fall most heavily on huge, faceless corporations like the electric company, the airlines, or the shippers, think again. Businesses can and will pass on any enhanced costs to their consumers if they hope to continue providing their products or services. That means our already astronomical cost of living could head further up into the stratosphere.

Digested 2/25/2020

SB-3150-SD-1

Submitted on: 2/26/2020 12:00:57 PM

Testimony for WAM on 2/27/2020 10:35:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Kailee Naito	Testifying for Citizen Climate Lobby	Support	No

Comments:

I support SB 3150. It will help assist lower and middle class residents of Hawaii that fall below the median income, giving them a refundable tax credit. It will also put a fee on putting more carbon emissions into our atmosphere, giving more accountability to those contributing to the environmental effects that carbon emissions do to Hawaii's land and ocean.



1050 Bishop St. PMB 235 | Honolulu, HI 96813
P: 808-533-1292 | e: info@hawaiiifood.com

Executive Officers

Joe Carter, Coca-Cola Bottling of Hawaii, *Chair*
Charlie Gustafson, Tamura Super Market, *Vice Chair*
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Lauren Zirbel, HFIA, *Executive Director*
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Stan Brown, Acosta Sales & Marketing, *Advisor*
Paul Kosasa, ABC Stores, *Advisor*
Derek Kurisu, KTA Superstores, *Advisor*
Beau Oshiro, C&S Wholesale Grocers, *Advisor*
Toby Taniguchi, KTA Superstores, *Advisor*

TO:
Committee on Ways and Means
Senator Donovan M. Dela Cruz, Chair
Senator Gilbert S.C. Keith-Agaran, Vice Chair



FROM: HAWAII FOOD INDUSTRY ASSOCIATION
Lauren Zirbel, Executive Director

DATE: February 27, 2020
TIME: 10:35am
PLACE: Conference Room 211

RE: SB3150 SD1 Relating to Taxation

Position: Oppose

The Hawaii Food Industry Association is comprised of two hundred member companies representing retailers, suppliers, producers, and distributors of food and beverage related products in the State of Hawaii.

We oppose this measure to add an additional carbon tax to fuel. As the text of the measure notes “The department of taxation already implements various fuel-based taxes, including the environmental response, energy, and food security tax, which imposes a tax on barrels of petroleum products. A separate tax is also imposed on fossil fuels other than petroleum, applied to each million British thermal units (BTUs) of heat value of a fuel.” This bill would add another tax burden for our local businesses, which will impact local consumers and our state’s economy in ways we don’t understand. Last year the Legislature passed Act 122 to conduct a carbon pricing study. This study has not yet been completed.

Hawaii is a leader in the use of renewable energy, and we continue to improve our energy efficiency and sustainability. Many of our businesses have set sustainability goals of their own. We believe that the State government should be working with our local businesses and residents to help improve energy sustainability through cooperation and positive incentives. Creating another burden for Hawaii businesses is not the right answer. We ask that this measure be held and we thank you for the opportunity to testify.

LATE

SB-3150-SD-1

Submitted on: 2/26/2020 3:15:56 PM

Testimony for WAM on 2/27/2020 10:35:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Diane Ware	Testifying for Volcano Action Network, Volcano Hawaii	Support	No

Comments:

Dear Chair Dela Cruz and Members,

My name is Diane Ware and I am very concerned about our Climate. I urge you to support this bill to start on a path of mitigation today as we have no time to lose. I and many others have vowed to vote for the Earth this election cycle. I am a member of Sierra Club and CCL and Volcano Action Network on the Big Island.

Mahalo for voting pono for the Earth,

Diane Ware, volcanogetaway@yahoo.com



MAUI

CHAMBER OF COMMERCE

VOICE OF BUSINESS

LATE

**HEARING BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS
HAWAII STATE CAPITOL, SENATE CONFERENCE ROOM 211
THURSDAY, FEBRUARY 27, 2020 AT 10:55 A.M.**

To The Honorable Donovan M. Dela Cruz, Chair;
The Honorable Gilbert S.C. Keith-Agaran, Vice Chair; and
Members of the Committee on Ways and Means,

TESTIMONY IN OPPOSITION TO SB3150 RELATING TO TAXATION

Aloha, my name is Pamela Tumpap and I am the President of the Maui Chamber of Commerce, with approximately 650 members. We are writing to share our opposition to SB3150 on a carbon emissions tax.

This bill will significantly increase business expenses, from the cost of shipping to businesses with fleet vehicles. As the business community is already facing a possible increase in the minimum wage coupled with the potential negative impacts of the coronavirus, now is not the time to further increase the cost of doing business in Hawaii, even with the start date in 2021.

In addition, this will also impact residents, many of whom cannot afford the increase in gas prices that will occur. This is another example of government increasing the cost of living and making it more expensive for our children and families to live here. Even with the tax credits, this is still an additional expense and government should be passing measures to decrease the living wage, not increase it. Given the alliance formed this year between the Governor, Senate President and Speaker of the House to work on measures that help to reduce the living wage, this is a bill that is contrary to that effort.

Finally, we understand that a bill was passed last year (Act 122) to study carbon pricing and since that study is still ongoing, we feel this bill is premature. We see this is mentioned in the bill, but to try to pass the bill this year, then amend it next year after the study results are released is double the time, energy and cost to public taxpayers to take this up. It is more prudent to understand the economic and fiscal impact of bills before passing poor legislation out. The Legislature should take the time to fully understand the study results and consider the negative impacts to businesses and residents this could have before a bill is passed.

Therefore, we strongly urge that you to defer this bill.

Sincerely,

Pamela Tumpap
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.



183 Pinana St., Kailua, HI 96734 • 808-262-1285 • info@350Hawaii.org

To: The Senate Committee on Ways and Means
From: Brodie Lockard, Founder, 350Hawaii.org
Date: Thursday, February 27, 2020, 10:35 am

In support of SB 3150 SD1

Dear Chair Dela Cruz, and members:

350Hawaii.org's 6,000 members support SB 3150 SD1.

Numerous prominent economists from across the political spectrum agree that a carbon tax is the single most effective method for reducing carbon dioxide emissions, and thus climate change. Given the myriad negative effects of climate change that Hawaii has already been suffering under for years, the legislature should proceed with all speed to study and implement such a tax.

Though many experts recommend a much higher rate, a price of \$40 per metric ton of carbon dioxide emissions in 2021 is a very fair starting point. Increasing the tax rate over time so that, in 2030, it is equivalent to a carbon price of \$80 is gradual and gives consumers and businesses plenty of time to understand, identify and adjust their buying habits to lower-carbon alternatives.

Brodie Lockard
Founder, 350Hawaii.org



LATE

Testimony Before the Senate Committees on Ways and Means

Thursday, February 27, 2020; 10:35 am

Conference Room # 211

RE: Opposition to Senate Bill 3150 SD1 – Relating to Taxation

Dear Honorable Chair Donovan M. Dela Cruz, Vice Chair Senator Gilbert S.C. Keith-Agaran,
and Members of the Committee:

While the scientific community stands in agreement regarding the detrimental impacts of human produced carbon emissions on our environment, the detrimental impacts of this regressive tax on Hawai'i's already complex economic situation and low-income residents cannot be overstated.

1. A Carbon-Tax disproportionately hurts moderate- and low-income communities and seniors.

The carbon tax is by nature regressive, because it will raise the prices of gasoline, electricity, and other goods by the same dollar amount for all consumers, regardless of their incomes. This disproportionately affects moderate- and low-income families, because energy costs are a bigger portion of their overall budgets. A carbon tax will therefore hurt working families and seniors who are already struggling to make ends meet.

2. This tax will increase the cost of goods and services

More expensive energy means more expensive goods and services. The costs associated with higher energy prices will be passed onto consumers through more expensive goods across all sectors of the economy.

According to testimony submitted by the Kaua'i Island Utility Cooperative, "Initial estimates reveal that the financial impact would be more than \$7 million in the first year. As a not-for-profit cooperative, this cost would need to be passed along to our member-owners. Any financial savings we are realizing by accelerating our transition to a 100% renewable grid would be more than wiped out by this bill."

3. A Carbon Tax make Hawai`i a more difficult place to do business.

In addition, a carbon tax would damage Hawai`i's economic competitiveness, making our goods even more expensive than comparable goods from other states and countries. Our remote location already disadvantages us due to the high cost of shipping, why would we make the situation even worse for our manufacturers?

4. The tax is a high price to pay for uncertain future benefits.

If history is any indicator, voters simply do not believe political promises of how the money raised would be spent. The general concept of a carbon tax contains no natural solution for what to do with the money once government has it. We have seen this type of ambiguity with the Transient Accommodation Tax the state level and social security at the federal level.

5. Wait for findings from Act 122.

Last year, Governor Ige established the Hawaii State Energy Office, which included a provision for the office to conduct a study of carbon pricing. This study would help to determine "whether and how a carbon pricing policy shall be implemented in Hawaii." It is premature to pass a potentially bad policy when work is already underway to ensure a more thoughtful approach to this issue.

Thank you for your time and consideration.

SB-3150-SD-1

Submitted on: 2/27/2020 7:18:42 AM

Testimony for WAM on 2/27/2020 10:35:00 AM



Submitted By	Organization	Testifier Position	Present at Hearing
Linda Lancaster	Testifying for Citizens' Climate Lobby	Support	No

Comments:

I applaud Hawaii for its legislation to establish a price on carbon and for mitigating the impact on middle and lower income households via tax credit. Thousands of economists agree that putting a price on carbon is the fastest, most efficient way to reduce carbon emissions. A tax credit prevents putting an undue burden on lower income households, which use less fossil fuel than higher income households, and also acts as an economic stimulus - lower income households will spend the tax refund on goods and services they need. thank you for addressing the climate crisis by putting a price on carbon. Hawaii's bill will become a model for other states.

LATE

SB-3150-SD-1

Submitted on: 2/27/2020 7:52:37 AM

Testimony for WAM on 2/27/2020 10:35:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Noa Dalzell	Testifying for Climate XChange	Support	Yes

Comments:

SB-3150-SD-1

Submitted on: 2/25/2020 3:48:37 PM

Testimony for WAM on 2/27/2020 10:35:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Chad Wheeling	Individual	Oppose	No

Comments:

This bill is an insulting money grab.

SB-3150-SD-1

Submitted on: 2/25/2020 4:42:05 PM

Testimony for WAM on 2/27/2020 10:35:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Anthony Orozco	Individual	Oppose	No

Comments:

What a scam targeting working and middle class folks. Is Hawaii % of global carbon emissions really so large as to justify making the highest cost of living in the nation even higher?

SB-3150-SD-1

Submitted on: 2/25/2020 4:43:13 PM

Testimony for WAM on 2/27/2020 10:35:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Jamie DeMarco	Individual	Support	No

Comments:

I strongly urge the committee to pass SB 3150.

Carbon pricing is widely agreed to be the most effective way to reduce greenhouse gas emissions across the economy. When it is coupled with policies to protect low and moderate income earners the way this bill does, it is ideal climate policy.

We are in a climate crisis and we need to enact proven climate solutions like carbon pricing.

best,

Jamie

SB-3150-SD-1

Submitted on: 2/25/2020 6:36:16 PM

Testimony for WAM on 2/27/2020 10:35:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Emily Garland	Individual	Support	No

Comments:

SB-3150-SD-1

Submitted on: 2/25/2020 7:57:14 PM

Testimony for WAM on 2/27/2020 10:35:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Henri Etta Schmitz	Individual	Support	No

Comments:

SB-3150-SD-1

Submitted on: 2/25/2020 8:36:13 PM

Testimony for WAM on 2/27/2020 10:35:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Zoe Whitney	Individual	Support	No

Comments:

Aloha, I am a youth voter from Maui who now lives on Hawaii Island. I strongly support the carbon pricing and refundable tax credit in SB3150 due to the research indicating it will reduce emissions, create jobs, and protect low-income Americans, who would - without intervention - be hit hardest by continued unsustainable development. I am so proud of my state for acting at this pivotal moment in history and leading our nation in both environmental, economic, and social sustainability.

SB-3150-SD-1

Submitted on: 2/26/2020 7:07:26 AM

Testimony for WAM on 2/27/2020 10:35:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Barbara Best	Individual	Support	No

Comments:

Carbon pricing is effective and the equity component of refundable tax credit to assist low and middle income residents is a bonus. The climate crisis is here and urgent, so this bill should and must pass this year; time is of the essence.

Mahalo

SB-3150-SD-1

Submitted on: 2/26/2020 7:29:42 AM

Testimony for WAM on 2/27/2020 10:35:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Keith Neal	Individual	Support	No

Comments:

Aloha,

Chair Dela Cruz, Vice Chair Keith-Agaran, senate committee members of Ways & Means.

I strongly support SB 3150 particularly as the carbon tax is returned to the public in the form a tax rebate. The time is over due to addresses climate change and the need for fossil fuel producers to take financial responsibility for the societal damage caused by the emission of Green House Gasses. A carbon fee provides a motivation to producers to move some of their production to cleaner energy sources and innovate in less fossil fuel intensive processes. A carbon fee and citizen dividend policy will send a clear market signal to produces and consumers alike.

Furthermore, there has been a 'drop in' certified aviation bio-fuel for over a decade (see link). Very little has been done in the way of this bio-fuel adoption or production of industrial quantities.

Aviation Certified Bio-fuel Standard:

<https://www.iata.org/whatwedo/environment/Pages/sustainable-alternative-jet-fuels.aspx>

SB3150 provides the necessary motivation for industries to innovate to less fossil fuel intensive processes while mitigating the financial impact to Hawai'i residents.

Sincerely,

Keith Neal

SB-3150-SD-1

Submitted on: 2/26/2020 7:51:46 AM

Testimony for WAM on 2/27/2020 10:35:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
ryan christopher	Individual	Support	No

Comments:

I support SB3150. Climate change will effect Hawaii much worse than it will other parts of the country and world. We need to show that we are leaders on dealing with this problem that could destroy the tourism industry of Hawaii and create a huge financial nightmare for our islands.

Ryan Christopher

Honokaa HI.

SB-3150-SD-1

Submitted on: 2/26/2020 8:21:34 AM

Testimony for WAM on 2/27/2020 10:35:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Bonnie Goodell	Individual	Support	No

Comments:

I support this bill because it puts the cost of carbo where it belongs and redistributes the income to the people who use least.

SB-3150-SD-1

Submitted on: 2/26/2020 8:38:23 AM

Testimony for WAM on 2/27/2020 10:35:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Kevin Hagan	Individual	Support	No

Comments:

Aloha.

My name is Kevin Hagan. I am a resident of Paia in Senator English's district.

I want to voice my strong support for Senate Bill 3150, the carbon fee/pricing bill, especially since the bill includes a refundable tax credit that helps low and middle-income folks.

Thank you.

Kevin Hagan

650-400-8210 (cell)

2455 Waipua St

Paia, HI 96779

kthagan@yahoo.com

SB-3150-SD-1

Submitted on: 2/26/2020 8:42:31 AM

Testimony for WAM on 2/27/2020 10:35:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Barry Solomon	Individual	Support	No

Comments:

I wanted to express my strongest support for the passage of SB3150. This bill would, for the first time, provide a fee on carbon emissions in the State of Hawaii. The bill would also refund the dividends from the fees to taxpayers, and as a result it would not hurt middle or lower income consumers. The importance of this is that it would provide a strong market signal to consumers to avoid or lower their purchase and consumption of goods and services that emit carbon dioxide, the key greenhosue gas causing cliamte change and global warming.

Hawaii is already a leader in the United States with the first 100% Renewable Portfolio Standard. However, this bill would go further by providing incentive for early closure of the fossil fuel power plants in yhe state, and a shift away from petroleum-based transportation fuels.

Thank you for reading my testimony.

My name is Doug Hagan. I am a resident of Paia, Hawaii and a climate advocate volunteer with the Citizens Climate Lobby chapter here in Maui. These are solely my individual requests and opinions.

I am in support of SB 3150

- Please enact a carbon tax this year and do not defer this important legislation to a later date.
- Please consider the voluminous research which has been done on carbon dividend as an effective solution for combatting climate change - including a recent study [Columbia University](#) and some of the benefits of a carbon dividend approach found [here](#).
- Please consider the further studies of the Regional Economic Models, Inc. (REMI) found [here](#). The Hawaii specific study shows that lower income population segment can benefit, rather than negatively impact the more vulnerable segments of our island population. Please consider returning more of the carbon tax – as is done by the carbon dividend approach.

Thank you

--Doug



Citizens' Climate Lobby

Financial Impact on Households of Carbon Fee and Dividend Local Impacts in Hawaii

Introduction

This study on the impact to households of Carbon Fee and Dividend was funded to respond to concerns expressed by members of Congress that constituents in their state would not benefit under our proposal. Key to the concerns expressed was not only understanding how the average constituent did, but how different groups of constituents fared. Concern for low-income constituents, for instance, is common for members of both parties.

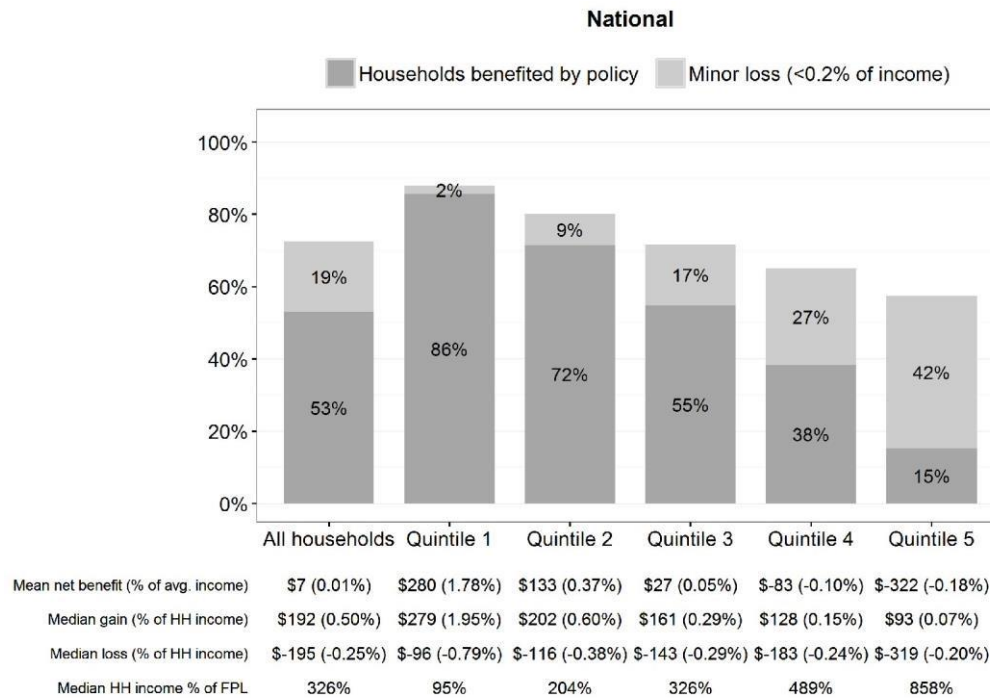


Figure 1: National Averages by Economic Quintile. Note that the three lowest-income quintiles show a benefit for the mean (average) household. The average net benefit for the lowest-income quintile is 1.78% of income, whereas households in the top quintile experience, on average, net losses that are a much smaller percentage of their total income, at just 0.18%.

All data is from the 2016 working paper, "Impact of CCL's proposed carbon fee and dividend policy: A high-resolution analysis of the financial effect on U.S. households" by Kevin Ummel, Research Scholar, Energy Program, International Institute for Applied Systems Analysis (IIASA).

Current working paper and summary available at <http://citizensclimatelobby.org/household-impact/>

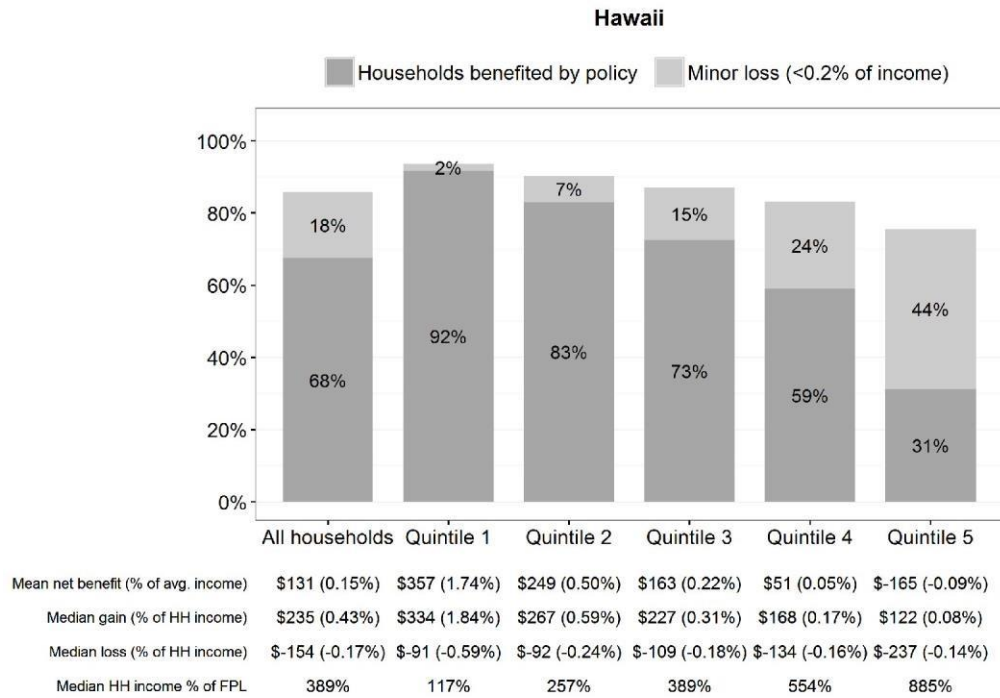


Figure 2: Impact by Quintile for Hawaii. Looking at the categories on the bottom of this graph, only the numbers for “Mean Net Benefit” and “Median HH income % of FPL” include all households in a given quintile (FPL = Federal Poverty Line). Only those households who receive a financial gain are included in calculating the “Median Gain” figures, and likewise, only those households which experience a loss are included in calculating the “Median Loss” figures.

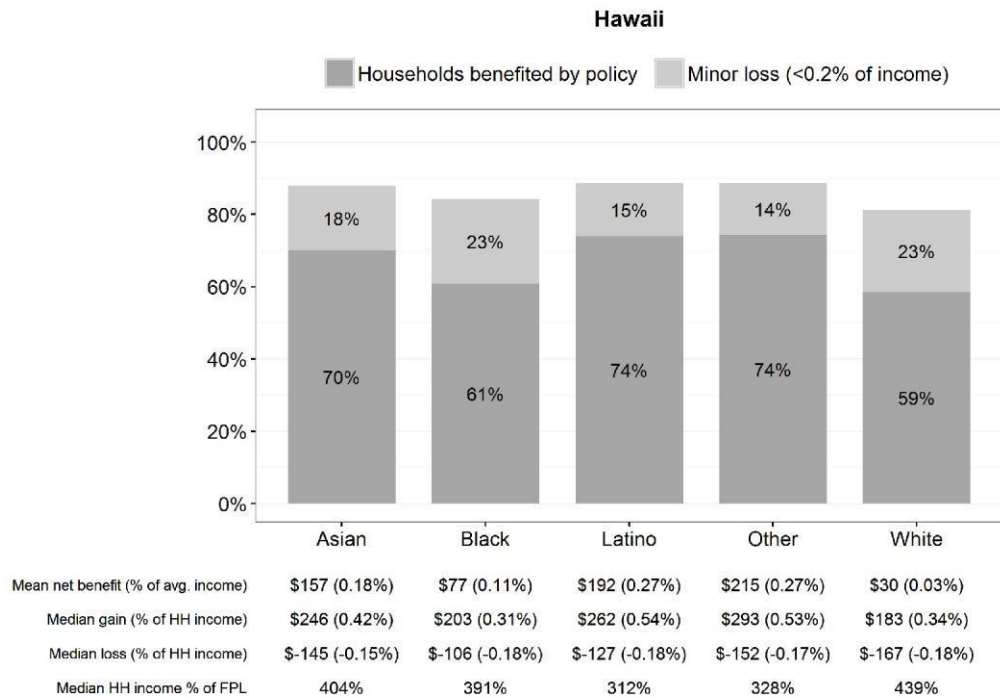


Figure 3: Impact by Race for Hawaii. Minority households tend to do better than white households as a result of lower average incomes (associated with lower carbon footprint) and/or more people per household (larger pre-tax dividend).

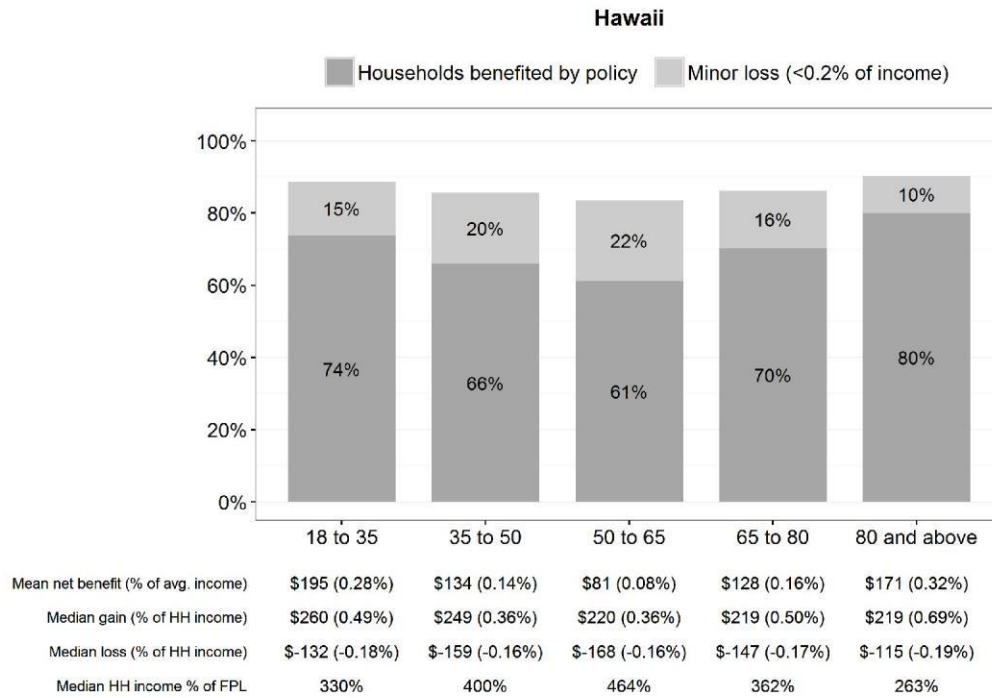


Figure 4: Impact by Age Group for Hawaii. The pattern of benefits across age groups makes sense given the impact of age on both carbon footprints and dividend received. Older households tend to have smaller footprints, reflecting reduced mobility and less consumption as a result of low fixed incomes. Younger households tend to be larger – and therefore benefited by the dividend formula – in addition to less income/consumption in early career.

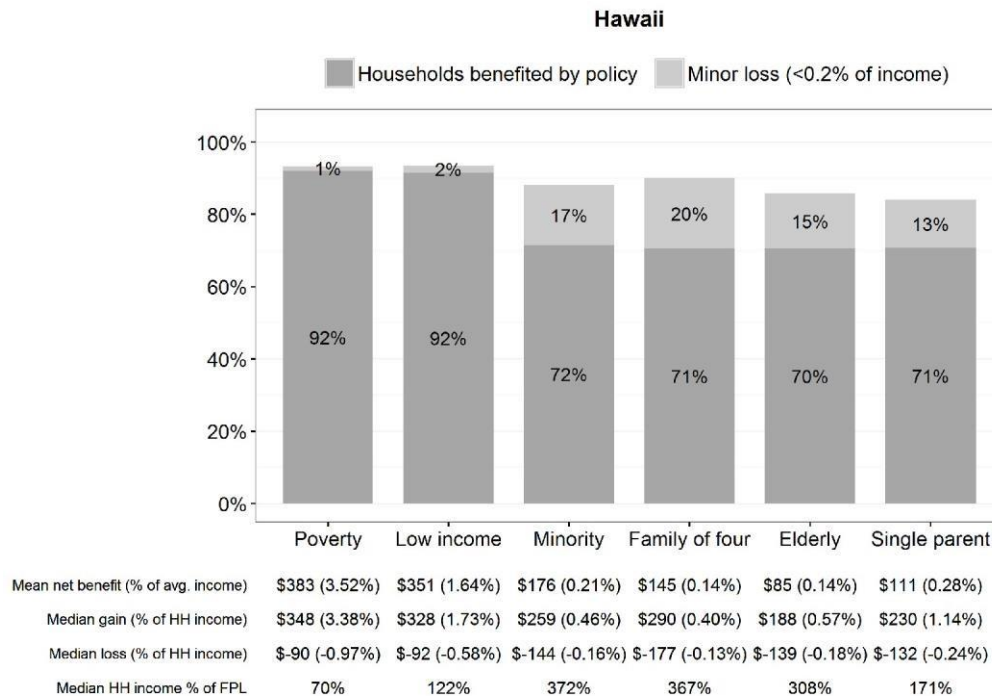


Figure 5: Impact by Household Type for Hawaii. This graph reports data for demographic groups of particular interest to many legislators. “Elderly” households are defined as having a household head age 65 or older, no more than two adults, and no children present. “Poverty” and “Low income” refer to households with income below 100% and 200% of FPL, respectively.

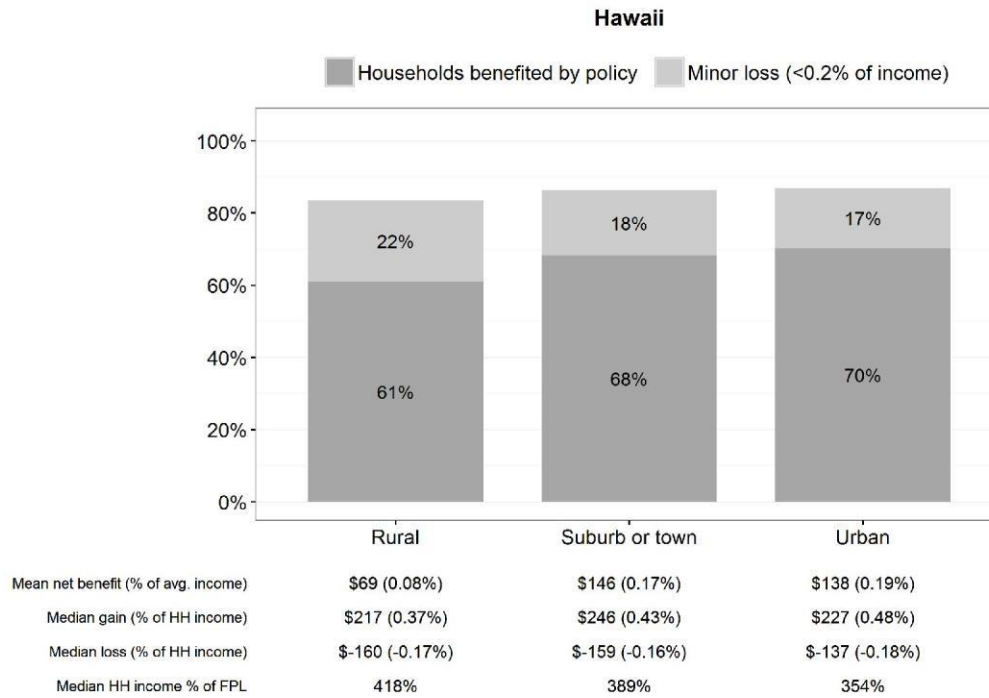


Figure 6: Impact by Community for Hawaii. This graph breaks down data by “community type” – Rural, Suburb or Town, vs Urban.

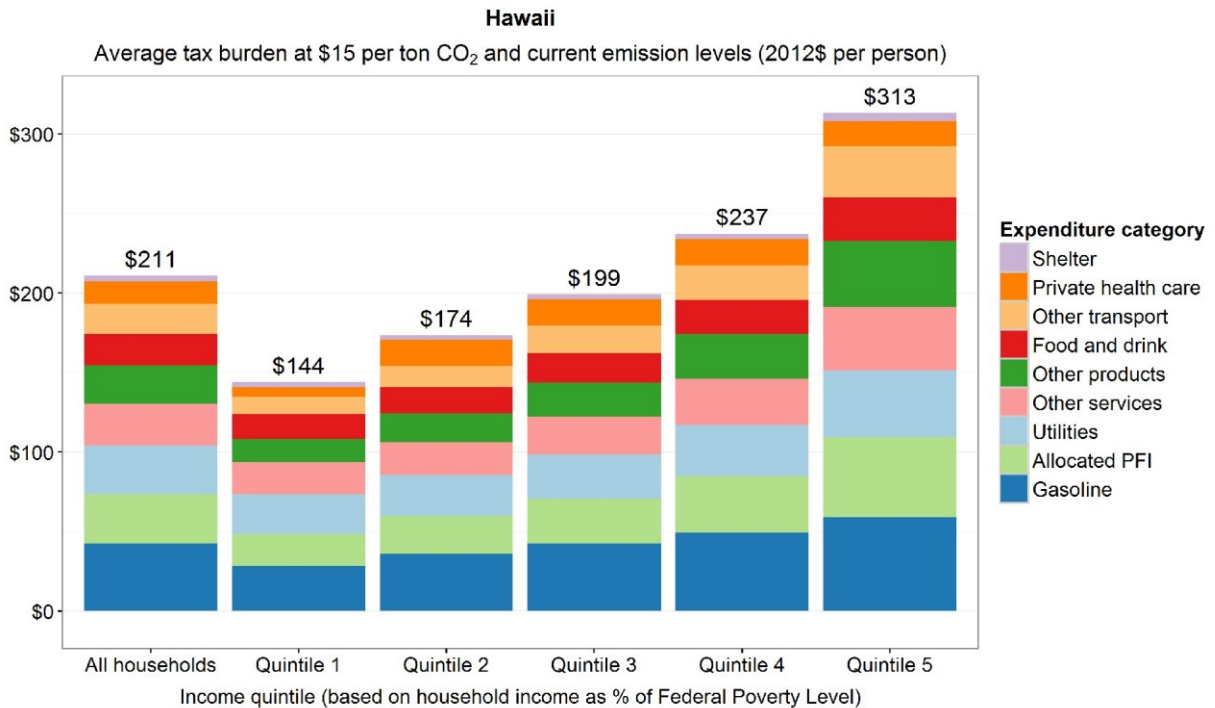


Figure 7: Expenditures by Category for Hawaii. Here we show a breakdown of where the carbon fee increases expenses (i.e. before the dividend) for each quintile. Note that direct energy expenditures (gasoline and utilities) represent less than half of the expense for most quintiles with other products and services making up the rest. Quintile 1 shows low expenditure for private health care since most health care for households in this quintile is covered by government programs. Allocated Private Fixed Income (PFI) measures economy-wide spending on fixed assets (e.g. structures, equipment, software, etc.) that are used in the production of goods and services.

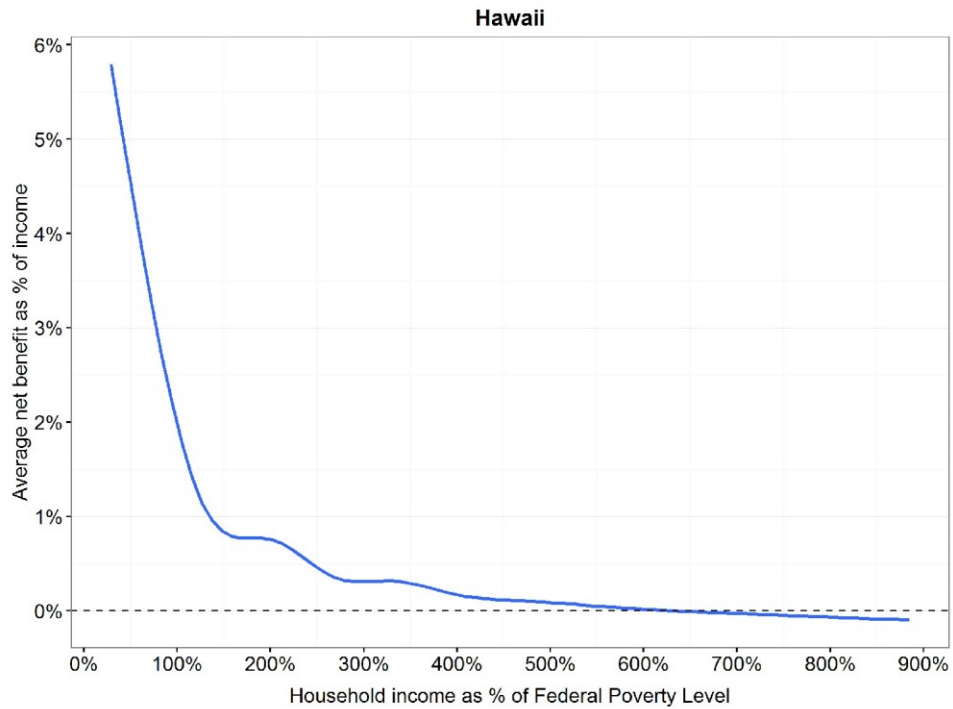


Figure 8: Relationship between benefit and income for Hawaii. This line graph shows the relationship between income expressed as a percentage of the Federal Poverty Level (FPL) vs. the average (mean) benefit as a percentage of income for households. Benefits are highest for those at the lowest income levels and generally positive through 200-300% of the FPL. Average loss for those with higher incomes is relatively small as a percentage of annual income. To avoid anomalies from small sample size at the margins, this graph does not include results for households in the bottom 1% of income, nor those above the 90th percentile of income in Hawaii. This graph also does not convey information about how much of the population in Hawaii is at any given point along the line.

SB-3150-SD-1

Submitted on: 2/26/2020 9:21:45 AM

Testimony for WAM on 2/27/2020 10:35:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Jeff	Individual	Support	No

Comments:

Aloha: I am writing to ask you to vote "Yes" on SB3150. Climate change is a grave threat to us all, to our way of life and to our collective future. I would like Hawaii to be known as a leader in the utilization of "carbon pricing" as an effective and versatile tool to help us reduce our greenhouse gas emissions.

Please vote "Yes" on this important legislation.

SB-3150-SD-1

Submitted on: 2/26/2020 9:31:47 AM

Testimony for WAM on 2/27/2020 10:35:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Douglas Perrine	Individual	Support	No

Comments:

Please pass this bill for our keiki!

SB-3150-SD-1

Submitted on: 2/26/2020 9:36:43 AM

Testimony for WAM on 2/27/2020 10:35:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
David Kingdon	Individual	Support	No

Comments:

SB-3150-SD-1

Submitted on: 2/26/2020 10:02:01 AM

Testimony for WAM on 2/27/2020 10:35:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Jason Park	Individual	Oppose	No

Comments:

What a rip off!! Paying too much already.

SB-3150-SD-1

Submitted on: 2/26/2020 10:02:41 AM

Testimony for WAM on 2/27/2020 10:35:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Bernard M Moret	Individual	Support	No

Comments:

My wife, Carol Fryer, and I, Bernard Moret, both registered voters in Hawaii County, want to register our strongest support for SB 3150. Our state is blessed with an abundance of renewable energy resources (solar, wind, geothermal), yet power production and transportation continue to rely almost exclusively on fossil fuels. A carbon tax is the perfect incentive to shift this balance and move towards the state's goal of clean energy by 2045.

A carbon tax will temporarily increase the price of energy (although perhaps not on Kauai) -- until HECO has developed its own renewable production facilities and is working with, rather than against, energy-producing consumers. Fortunately, the bill has been well thought out and includes provisions to lessen the financial impact on lower-income households.

This is perhaps the most promising, forward-looking, and beneficial bill we have seen in the last 5 years and we urge you to pass it.

Respectfully submitted,

Bernard Moret and Carol Fryer

SB-3150-SD-1

Submitted on: 2/26/2020 10:10:53 AM

Testimony for WAM on 2/27/2020 10:35:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Sachiko Graber	Individual	Support	No

Comments:

As a millennial and a climate professional, I strongly support this measure and urge the Senate to pass the bill this year rather than deferring. It is critical that we take action now against climate change.

SB-3150-SD-1

Submitted on: 2/26/2020 10:11:24 AM

Testimony for WAM on 2/27/2020 10:35:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Gary Miller	Individual	Support	No

Comments:

Aloha.

My name is Gary Miller and I am a resident of Ninole on the Island of Hawaii in Senator Inouye's district.

I want to voice my strong support for Senate Bill 3150 SD1, the carbon fee/pricing bill,

As an owner of an electric vehicle with solar panels on my roof, I am very concerned about our impact on the environment.

I am very hopeful about this bill since it includes a refundable tax credit that helps low and middle-income folks.

Thank you for your consideration of this important bill.

Respectfully,

Gary Miller

SB-3150-SD-1

Submitted on: 2/26/2020 10:13:52 AM

Testimony for WAM on 2/27/2020 10:35:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Paula Miller	Individual	Support	No

Comments:

I am a resident of Ninole, on the Big Island, in Senator Inouye's district.

I want to voice my strong support for Senate Bill 3150, the carbon fee/pricing bill, especially since the bill includes a refundable tax credit that helps low and middle-income folks.

Climate Change is an urgent issue facing our Island, our State, and our planet. A price on carbon is recognized as one of the most impactful steps we can take to address climate change, and Hawaii could be the first state to enact a carbon fee and tax dividend policy.

It is imperative to pass SB 3150 now, rather than deferring it until next session.

Respectfully submitted,

Paula Miller

Ninole, HI

SB-3150-SD-1

Submitted on: 2/26/2020 10:28:02 AM

Testimony for WAM on 2/27/2020 10:35:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Noel Morin	Individual	Support	No

Comments:

Dear Chair Dela Cruz, Vice Chair Keith-Agaran, and members,

I'm writing to indicate my **STRONG SUPPORT** of SB3150, a measure that will place a **fee on carbon emissions** and deliver a **refundable tax credit**.

We must do our part to dramatically cut our emissions. A fee on carbon is proven to be an effective way to do this. Top economists agree and there is growing support for this at the national and global level. However, we must not hesitate – our climate crisis is worsening, and we don't have time to waste. To defer it to the next session means that we'll wait another couple of years before serious action can be taken. Hawaii has the opportunity to lead on climate action and create the support momentum for a national fee on carbon.

I understand that there are concerns about the impact of the measure on gas and energy prices. However, SB3150 SD1 incorporates a refundable tax credit that will assist low-middle income residents. This will mitigate concerns about the impact of the measure.

Hawaii fossil-fuel consumption is generating emissions that are contributing to the climate crisis, and the consequences that are affecting us today – rising seas are threatening our coastal areas; record heat is challenging our health; reefs are dying; droughts are contributing to wildfires; and storms are getting stronger and wetter. We have the opportunity to 'walk the talk' by passing this measure and working out the implementation details to make it a success.

Please support SB3150 SD1. Help us make Hawaii livable for our children and future generations.

Sincerely,

Noel Morin - Hilo

SB-3150-SD-1

Submitted on: 2/26/2020 10:28:28 AM

Testimony for WAM on 2/27/2020 10:35:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Heather Kimball	Individual	Support	No

Comments:

Aloha Senator Dela Cruz and members of the Senate Ways and Means Committee,

Thank you for the opportunity to testify in string support of SB3150, which would price carbon at \$40 per ton, will generate revenue for initiatives and provide a tax credit to low- and middle-income residents.

As the Hawaii's Climate Change Mitigation and Adaptation Commission recommended last year - "price on carbon is the most effective single action that will achieve Hawaii's ambitious and necessary emissions reduction goals."

Hawaii has been a leader in climate change mitigation efforts and this legislation will continue that trend, while providing more support for our lower- and middle-income families.

SB-3150-SD-1

Submitted on: 2/26/2020 10:30:01 AM

Testimony for WAM on 2/27/2020 10:35:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Stephanie Hall Morin	Individual	Support	No

Comments:

I'm in strong support of SB3150 SD1.

Stephanie Hall-Morin

LATE

SB-3150-SD-1

Submitted on: 2/26/2020 10:35:53 AM

Testimony for WAM on 2/27/2020 10:35:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Ron Reilly	Individual	Support	No

Comments:

Dear Chair Dela Cruz and Members of the Senate Ways and Means Committee,

I am happy to register strong support of Senate Bill 3150. Thank you for holding a hearing on this important legislation.

SB 3150 will send a positive, predictable price signal to government departments, to utilities, to businesses and to the general public that it is their best interest to reduce our carbon emissions.

SB 3150 shows commendable concern for social equity and economic justice by providing a tax credit to help low and middle income folks as Hawaii transitions away from our dependency on fossil fuels.

SB 3150 needs to be enacted this year. Please do not delay passage of this bill or wait for completion of further studies. The urgency of the climate crisis is well documented by reports from the Intergovernmental Panel on Climate Change (IPCC).

The message is clear. The time to act is now.

Thank you for the opportunity to submit testimony.

Sincerely, Ron Reilly

Volcano Village, Hawaii 96785

(808) 967-8603

LATE

SB-3150-SD-1

Submitted on: 2/26/2020 10:48:57 AM

Testimony for WAM on 2/27/2020 10:35:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Rita Ryan	Individual	Support	No

Comments:

Honorable Senate Ways & Means Committee Members-

10 States, representing 25% of the US population and one-third of total US GDP, have enacted carbon pricing legislation. ([Center for Climate and Energy Solutions](#)) The people of Hawaii support carbon pricing initiatives. I am an environmental activist with The Climate Reality Project and 350Hawaii.org. I attend many rallies and environmental events and talk to the people of our state, and I can attest to overwhelming support for carbon pricing (once folks understand how it works). While I prefer carbon tax and dividend over the current approach, this is moving in the right direction for Hawaii.

Please let's not let this opportunity slip by, Hawaii needs to be more progressive in their action to control the climate crisis.

Mahalo for your service to Hawaii,

Rita Ryan, Makawao, HI

LATE

SB-3150-SD-1

Submitted on: 2/26/2020 10:58:21 AM
Testimony for WAM on 2/27/2020 10:35:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Chessine Nugent	Individual	Support	Yes

Comments:

My Name is Chessine Nugent and I am a resident in Waimea, Senator Inouye's district.

I want to voice my strong support for Senate Bill 3150, the carbon fee/pricing bill, especially since the bill included a refundable tax credit that helps low and middle-income people in Hawaii.

Best Regards

SB-3150-SD-1

Submitted on: 2/26/2020 11:14:37 AM

Testimony for WAM on 2/27/2020 10:35:00 AM



Submitted By	Organization	Testifier Position	Present at Hearing
Carlie A Clarcq	Individual	Support	No

Comments:

Senators of the Ways and Means Committee:

Thank you for the opportunity to present testimony on Senate Bill 3150. Hawaii is at a crucial moment in history, and passing SB3150 is a step in the right direction that will help us to protect the beauty of our environment for future generations.

Hawaii is unique in its geography compared to the rest of the U.S., and as an island state, we need to address the fact that climate change is going to be worse here. Already, we are feeling these effects very harshly. We've had worsening storms that have caused fierce winds and huge waves that have disrupted our coastal infrastructure, agriculture, and tourism industry, and caused massive flooding. Wildfires have increased, and are destroying the natural ecosystem and beauty of our state.

As sea levels continue to rise, more and more of our state will become submerged. This is especially important considering many of our airports and transportation infrastructure is located in the lowest areas of the state. The biodiversity of our state is also at great risk, and we've already seen increased coral bleaching and disease outbreaks, which also affect our fishing industry.

SB3150 offers a first step solution to both mitigating and adapting our state to this crisis. All of these terrible effects caused by climate change involve severe economic consequences. A carbon price would generate the revenue to deal with these, while also providing funding for renewable energy projects to halt the worst effects from occurring in the first place.

In addition, a carbon price will give Hawaiian industries a huge incentive to decrease their emissions and find renewable alternatives, as they are penalized for emitting carbon through a price they will pay on each ton of carbon emitted.

Carbon pricing has proven to be a very effective and equitable policy to both reduce emissions and collect revenue to assist low-income and other communities that are uniquely vulnerable to the effects of climate change. This

bill does so especially through the refundable tax credit for people earning 60% or less of the area's median income.

Although there is currently a carbon pricing study going on, we do not have time to wait until this study ends to pass strong climate legislation. In addition, the bill allows for the carbon price to be altered based upon the results of the study, and therefore may be changed depending on this.

I am strongly in support of this bill, and I think it would benefit Hawaii greatly in a wide variety of ways. We need to take action now, and I am calling on you Senators to be leaders in Hawaii and pass this bill.

Thank you,

Carlie Clarcq

SB-3150-SD-1

Submitted on: 2/26/2020 11:49:28 AM

Testimony for WAM on 2/27/2020 10:35:00 AM



Submitted By	Organization	Testifier Position	Present at Hearing
Victoria Anderson	Individual	Support	No

Comments:

Please pass this important bill! We need to make fuel prices reflect the actual and terrible environmental costs of carbon emissions.

LATE

SB-3150-SD-1

Submitted on: 2/26/2020 12:41:55 PM

Testimony for WAM on 2/27/2020 10:35:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
eva brill	Individual	Support	No

Comments:

Please support this taxation on carbon pricing. We have less than 10 years to make any impact to avoid worst-case climate devastation from unregulated greenhouse gas emissions. Please do the right thing for Hawaii and the world. Mahalo.

SB-3150-SD-1

Submitted on: 2/26/2020 2:46:47 PM

Testimony for WAM on 2/27/2020 10:35:00 AM



Submitted By	Organization	Testifier Position	Present at Hearing
Emma Whitney	Individual	Support	No

Comments:

Please be an enviromental and economic leader, positive example, and advocate for our future. We need leadership and action, that is pono, and supporting this bill is exactly that.

LATE

SB-3150-SD-1

Submitted on: 2/26/2020 2:59:58 PM

Testimony for WAM on 2/27/2020 10:35:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Charles Hite	Individual	Support	No

Comments:

I support SB 3150. The bill includes a refundable tax credit which helps low and middle-income people.

Hawaii has the opportunity by passing this bill to start the process of curbing global warming.

LATE

SB-3150-SD-1

Submitted on: 2/26/2020 3:31:18 PM

Testimony for WAM on 2/27/2020 10:35:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Ewa Moscicka	Individual	Support	No

Comments:

I am writing in support of SB 3150 relating to taxation. I believe we live in a time of climate emergency. I fear for my future and the future of our beloved islands and endangered species. I believe taxing carbon emissions while giving tax credits to the lower and middle income households is one of the most effective and socially fair ways to curb carbon emissions and move towards a more sustainable future. I urge the Senate to pass this bill this session. Time is running out as the climate crisis is getting worse every year. With this bill our state of Hawaii has the opportunity to take on a leadership and pioneering role in the environmental battle, showing the rest of our country and the world how to live pono.

Mahalo for your consideration.

LATE

SB-3150-SD-1

Submitted on: 2/26/2020 4:16:38 PM

Testimony for WAM on 2/27/2020 10:35:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Conner Higashino	Individual	Support	No

Comments:

I am writing to support SB3150. Carbon pricing is a very effective way to combat emissions. Additionally, providing a refundable tax credit to assist our low and middle income residents is a step to address the wealth gap. I think it is important that we pass this bill this year and not defer it. Climate change is already happening. The longer we wait, the harder we will have to work to mitigate and adapt to the changes.

SB-3150-SD-1

Submitted on: 2/26/2020 4:17:10 PM

Testimony for WAM on 2/27/2020 10:35:00 AM



Submitted By	Organization	Testifier Position	Present at Hearing
Bruce Justin Miller	Individual	Support	No

Comments:

Dear Chair Dela Cruz and Members of the Senate Ways and Means Committee

I appreciate your willingness to hold a hearing on Senate Bill 3150, an important bill that I strongly support as part of Hawai'i's move toward a more sustainable society.

It is important to show government departments, utilities, businesses, and the public that it is in their best interest to reduce our carbon emissions, and this bill will accomplish that.

I am pleased to see that SB 3150 also provides a tax credit to help low and middle income folks as Hawaii transitions away from our dependency on fossil fuels.

The climate crisis has been looming on the horizon, with little effective response from us, for far too long. The science is clear and unequivocal, and I urge you to enact this bill as soon as possible. We cannot afford any further delay.

Thank you for the opportunity to submit testimony on this bill.

Sincerely

Bruce Justin Miller, PhD

Volcano Village, Hawaii 96785

(808) 347-3047

SB-3150-SD-1

Submitted on: 2/26/2020 4:46:05 PM

Testimony for WAM on 2/27/2020 10:35:00 AM

LATE

Submitted By	Organization	Testifier Position	Present at Hearing
Eric Overton	Individual	Support	No

Comments:

To: The Senate Committee on Ways and Means

From: Eric Overton

Date: Thursday, February 27, 2020, 10:35 am

In support of SB 3150 SD1

Dear Chair Dela Cruz, and members:

As one of 350Hawaii.org's 6,000 members, I support SB 3150 SD1.

Numerous prominent economists from across the political spectrum agree that a carbon tax is the single most effective method for reducing carbon dioxide emissions, and thus climate change. Given the myriad negative effects of climate change that Hawaii has already been suffering under for years, the legislature should proceed with all speed to study and implement such a tax.

Though many experts recommend a much higher rate, a price of \$40 per metric ton of carbon dioxide emissions in 2021 is a very fair starting point. Increasing the tax rate over time so that, in 2030, it is equivalent to a carbon price of \$80 is gradual and gives consumers and businesses plenty of time to understand, identify and adjust their buying habits to lower-carbon alternatives.

Eric Overton

LATE

SB-3150-SD-1

Submitted on: 2/26/2020 4:49:42 PM
Testimony for WAM on 2/27/2020 10:35:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Diana L. Van De Car	Individual	Support	No

Comments:

I strongly support this bill. Carbon pricing is recognized as the most effective way to address the climate crisis and move our society towards sustainable energy. Please recognize the urgency facing us all. Climate change is already impacting our state. I understand there are objections and concerns about the effect on individuals with the resulting increase in the cost of carbon products. Please keep intact the bill's provisions for tax credits, etc. to help low and middle income people manage this transition. But recognize the urgency and pass the bill this year. Don't defer it until next year. Our shorelines are facing tremendous damage and our state is facing enormous cost burdens as sea levels rise. Dealing with this problem is going to get harder every year if we don't step up to address this crisis. It is not going to get easier next year. Carbon pricing gives us a viable path forward. Please, act now.

SB-3150-SD-1

Submitted on: 2/26/2020 5:02:25 PM

Testimony for WAM on 2/27/2020 10:35:00 AM



Submitted By	Organization	Testifier Position	Present at Hearing
Margaret A Clark	Individual	Support	No

Comments:

Yes!

LATE

SB-3150-SD-1

Submitted on: 2/26/2020 5:16:10 PM

Testimony for WAM on 2/27/2020 10:35:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
TOM DIGRAZIA	Individual	Support	Yes

Comments:

We strongly support this Bill. A carbon tax has proven most effective in reducing carbon emissions. Please pass this long overdue Bill and help save, in part, a liveable world for future generations.

Mahalo!

Tom DiGrazia & Family

LATE

SB-3150-SD-1

Submitted on: 2/26/2020 5:34:07 PM

Testimony for WAM on 2/27/2020 10:35:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Kathy Kim	Individual	Oppose	No

Comments:

SB-3150-SD-1

Submitted on: 2/26/2020 5:37:58 PM

Testimony for WAM on 2/27/2020 10:35:00 AM



Submitted By	Organization	Testifier Position	Present at Hearing
Jaymen Laupola	Individual	Support	No

Comments:

I support SB 3150. Carbon pricing is an effective way to move industries away from fossil fuels and towards renewable energies quickly. The tax credit will also help low and middle class residents in Hawai'i, one of the most expensive states to live in. Carbon pricing is particularly effective due to the speed it can impact climate change which is crucial due to its urgency. In light of that, I believe that it is important to pass SB 3150 this year and not defer it until the next session.

SB-3150-SD-1

Submitted on: 2/26/2020 7:06:56 PM

Testimony for WAM on 2/27/2020 10:35:00 AM

LATE

Submitted By	Organization	Testifier Position	Present at Hearing
Caroline Kunitake	Individual	Support	No

Comments:

Dear Chair Dela Cruz and Members of the Committee on Ways and Means,

I am writing in support of SB3150 SD1.

Though many experts recommend a much higher rate, a price of \$40 per metric ton of carbon dioxide emissions in 2021 is a very fair starting point. Increasing the tax rate over time so that, in 2030, it is equivalent to a carbon price of \$80 is gradual and gives consumers and businesses plenty of time to understand, identify and adjust their buying habits to lower-carbon alternatives.

We need to implement ways to change consumer spending. Consumers need to be more aware of carbon dioxide emissions that are created through manufacturing, transportation, disposable packaging and global trade that is sustained through non-renewable energy resources. A carbon dioxide emissions tax will force industries to seek ways to utilize more renewable energy sources and raw materials that are less harmful to the environment. Consumers have incredible influence over the industries that are polluting our environment.

Mahalo,

Caroline Kunitake

LATE

SB-3150-SD-1

Submitted on: 2/26/2020 7:13:21 PM

Testimony for WAM on 2/27/2020 10:35:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Leilani M Angel	Individual	Support	No

Comments:

Dear Chair Dela Cruz, and members:

As one of 350Hawaii.org's 6,000 members, I support SB 3150 SD1.

Numerous prominent economists from across the political spectrum agree that a carbon tax is the single most effective method for reducing carbon dioxide emissions, and thus climate change. Given the myriad negative effects of climate change that Hawaii has already been suffering under for years, the legislature should proceed with all speed to study and implement such a tax.

Though many experts recommend a much higher rate, a price of \$40 per metric ton of carbon dioxide emissions in 2021 is a very fair starting point. Increasing the tax rate over time so that, in 2030, it is equivalent to a carbon price of \$80 is gradual and gives consumers and businesses plenty of time to understand, identify and adjust their buying habits to lower-carbon alternatives.

Sincerely,

Leilani Angel

SB-3150-SD-1

Submitted on: 2/26/2020 7:29:30 PM

Testimony for WAM on 2/27/2020 10:35:00 AM

LATE

Submitted By	Organization	Testifier Position	Present at Hearing
John Grandinetti	Individual	Support	No

Comments:

Please advance a serious carbon tax

SB-3150-SD-1

Submitted on: 2/26/2020 7:30:49 PM

Testimony for WAM on 2/27/2020 10:35:00 AM



Submitted By	Organization	Testifier Position	Present at Hearing
David Whitney	Individual	Support	No

Comments:

I support SB 3150 because it corrects for a market failure in which the price of greenhouse emissions does not reflect the true, long-term cost to health and society. What I like about SB 3150 is that it empowers producers and consumers to make the most environmental choice and most economic choice simultaneously. There is also a great body of research suggesting that a carbon fee and dividend would spur sustainable innovation, create long-term jobs, and benefit vulnerable populations.

LATE

SB-3150-SD-1

Submitted on: 2/26/2020 8:10:54 PM
Testimony for WAM on 2/27/2020 10:35:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Roberta Baker	Individual	Support	No

Comments:

Dear Chairman Senator Dela Cruz and Members of the Senate Ways and Means Committee,

I am writing in support of SB 3150.

Thank you for hearing this critical legislation.

We need to let businesses, government and the general public know how important it is that we reduce our carbon emissions. SB 3150 will do this.

We need to be concerned about social and economic justice for low and middle income citizens as the price of fossil fuels increases. SB 3150 will do this.

Delaying passage of this bill and/or waiting for further studies will not improve the situation.

Please pass SB3150 this year.

Hawaii, the nation and the world awaits your leadership.

Thank you for considering my testimony.

Sincerely,

Roberta Baker

Hilo Hawaii 96720

808-217-7005

LATE

SB-3150-SD-1

Submitted on: 2/26/2020 8:38:55 PM

Testimony for WAM on 2/27/2020 10:35:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
katherine kazlauskas	Individual	Support	No

Comments:

In support of SB 3150 SD1

Dear Chair Dela Cruz, and members:

As one of 350Hawaii.org's 6,000 members, I support SB 3150 SD1.

Numerous prominent economists from across the political spectrum agree that a carbon tax is the single most effective method for reducing carbon dioxide emissions, and thus climate change. Given the myriad negative effects of climate change that Hawaii has already been suffering under for years, the legislature should proceed with all speed to study and implement such a tax.

Though many experts recommend a much higher rate, a price of \$40 per metric ton of carbon dioxide emissions in 2021 is a very fair starting point. Increasing the tax rate over time so that, in 2030, it is equivalent to a carbon price of \$80 is gradual and gives consumers and businesses plenty of time to understand, identify and adjust their buying habits to lower-carbon alternatives.

Mahalo!

Katherine Kazlauskas

LATE

SB-3150-SD-1

Submitted on: 2/26/2020 8:46:33 PM

Testimony for WAM on 2/27/2020 10:35:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Carol Cam	Individual	Support	No

Comments:

Aloha!

Dear Senator Baker,

My name is Carol Cam. I am a resident of Lahaina, Maui County and a climate advocate volunteer with Citizens' Climate Lobby here in Hawaii. We are a national climate advocacy organization, with chapters covering every Congressional district in the nation. And we are a strong presence here on all Islands. We believe a robust carbon fee (and dividend) policy is one healthy way to address the damage to our environment due to our heavy reliance on fossil fuels as an energy source.

I am in STRONG SUPPORT of the intent of SB 3150 (with an amendment), especially as the bill addresses climate change and the need for fossil fuel producers to take financial responsibility for the actual costs to society for the damage caused by the emission of GHGs. A carbon fee also has the benefit of causing producers to perhaps move some of their production to cleaner energy sources. And it may spur consumers to consider changing their fossil fuel consumption habits.

I would like the committees hearing this bill to consider amending the legislation to include a dividend. A dividend returned to the public would help ease the impact on low income consumers for the likely rise in gasoline costs or an increase in their home energy bills.

Thank you.

Sincerely, Carol Cam
1591 Aa Street
Lahaina, Hawaii 96761
(808) 661-3346

LATE

SB-3150-SD-1

Submitted on: 2/26/2020 9:03:39 PM

Testimony for WAM on 2/27/2020 10:35:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Richard Camp	Individual	Support	No

Comments:

I support this bill and while many experts recommend a much higher rate, a price of \$40 per metric ton of carbon dioxide emissions in 2021 is a very fair starting point. If there are revisions to the bill I support a much higher rate.

LATE

SB-3150-SD-1

Submitted on: 2/26/2020 9:04:14 PM

Testimony for WAM on 2/27/2020 10:35:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Lynn Aaberg	Individual	Support	No

Comments:

When carbon costs more, we will use less. Most economists agree this is one of the most effective methods for reducing carbon emissions. We need to do so much to protect the climate, and this is another piece to the puzzle.

Please pass this bill.

Mahalo,

Lynn Aaberg

LATE

SB-3150-SD-1

Submitted on: 2/26/2020 9:21:47 PM

Testimony for WAM on 2/27/2020 10:35:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
tlaloc tokuda	Individual	Support	No

Comments:

To: The Senate Committee on Ways and Means

From: Tlaloc Tokuda

Date: Thursday, February 27, 2020, 10:35 am

In support of SB 3150 SD1

Dear Chair Dela Cruz, and members:

As one of 350Hawaii.org's 6,000 members, I support SB 3150 SD1.

Numerous prominent economists from across the political spectrum agree that a carbon tax is the single most effective method for reducing carbon dioxide emissions, and thus climate change. Given the myriad negative effects of climate change that Hawaii has already been suffering under for years, the legislature should proceed with all speed to study and implement such a tax.

Though many experts recommend a much higher rate, a price of \$40 per metric ton of carbon dioxide emissions in 2021 is a very fair starting point. Increasing the tax rate over time so that, in 2030, it is equivalent to a carbon price of \$80 is gradual and gives consumers and businesses plenty of time to understand, identify and adjust their buying habits to lower-carbon alternatives.

Mahalo,

Tlaloc Tokuda

Kailua Kona, HI 96740

LATE

SB-3150-SD-1

Submitted on: 2/26/2020 10:07:00 PM

Testimony for WAM on 2/27/2020 10:35:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Danielle Burger	Individual	Support	No

Comments:

To the committee - As climate change takes it's toll on our community, we will need to fund infrastructure repairs and maintenance, as well as support for families. Taxing carbon will connect the cause (carbon emissions) and effects (bigger storms, changing ecosystems) of climate change. I am writing in support of a carbon tax for the State of Hawai'i

LATE

SB-3150-SD-1

Submitted on: 2/26/2020 10:07:06 PM

Testimony for WAM on 2/27/2020 10:35:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Christian Palmer	Individual	Support	No

Comments:

To: The Senate Committee on Ways and Means

From: Christian Palmer

In support of SB 3150 SD1

Dear Chair Dela Cruz, and members:

I am writing to express my support SB 3150 SD1 with some reservations. Through a significant amount of research I think that a well designed carbon tax has the power to encourage innovation and market based solutions to the current climate crisis. Although I strongly support a carbon tax in principle, there is strong possibility that the tax can be regressive. The current measure, although it has some provisions for returning the tax to Hawaii residents these are still not sufficient enough. A family making just over 60,000 is still struggling to survive in Hawaii but will still pay the full tax. I would like a stronger carbon dividend so that the carbon tax is primarily targeted at carbon intensive industries that have heavily profited from creating the climate crisis and not local families exacerbating the already expensive cost of living.

Mahalo,

Christian

LATE

SB-3150-SD-1

Submitted on: 2/26/2020 10:12:43 PM

Testimony for WAM on 2/27/2020 10:35:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
phyllis fong	Individual	Support	No

Comments:

LATE

SB-3150-SD-1

Submitted on: 2/26/2020 11:35:36 PM

Testimony for WAM on 2/27/2020 10:35:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Ava Fedorov	Individual	Support	No

Comments:

Dear Chair Dela Cruz, and members:

As one of 350Hawaii.org's 6,000 members, I support SB 3150 SD1.

Numerous prominent economists from across the political spectrum agree that a carbon tax is the single most effective method for reducing carbon dioxide emissions, and thus climate change. Given the myriad negative effects of climate change that Hawaii has already been suffering under for years, the legislature should proceed with all speed to study and implement such a tax.

Though many experts recommend a much higher rate, a price of \$40 per metric ton of carbon dioxide emissions in 2021 is a very fair starting point. Increasing the tax rate over time so that, in 2030, it is equivalent to a carbon price of \$80 is gradual and gives consumers and businesses plenty of time to understand, identify and adjust their buying habits to lower-carbon alternatives.

Sincerely,

Ava Fedorov

SB-3150-SD-1

Submitted on: 2/26/2020 11:45:35 PM

Testimony for WAM on 2/27/2020 10:35:00 AM



Submitted By	Organization	Testifier Position	Present at Hearing
Tawn Keeney	Individual	Support	No

Comments:

I express support for SB3150 with the following comments.

The seminal 2018 IPCC Report fixing our climate goals to the target of 1.5 C above preindustrial rather than the previous 2 C addressed the effects of Carbon Taxation or price on Carbon necessary to achieve that goal. The IPCC reflected on multiple studies of this issue. For achievement of the 1.5C goal the Carbon price would need to be between \$135 and \$5,500 per ton CO₂e by 2030. In order to keep warming below 2C studies suggested carbon pricing range between \$15 and \$220 by 2030. The IPCC (a conservative scientific body) has indicated that the effects of Warming to 2C on human civilization will be dramatically magnified over keeping warming to 1.5C. We must aim for this more ambitious goal. At a minimum the tax on carbon should be \$135 per ton CO₂e by 2030.

I appreciate the comment by the Coordinator of the Hawaii Climate Change Mitigation and Adaptation Commission reflecting on the British Columbia experience with one of the longest running Carbon Tax experiments. The achievement of a \$50/ton CO₂e price on carbon has only served to level off the emissions rather that precipitate the radical reduction of emissions that will be necessary to avoid the worst effects of climate change.

This Bill must be passed. There must be no further delays in addressing the crisis of Climate Change. Please however, increase the 2030 pricing target to that lowest limit that the IPCC considered to be possibly effective to achieve the 1.5C goal, which was \$135 per ton CO₂e. Thank you for your consideration.

Tawn Keeney MD

SB-3150-SD-1

Submitted on: 2/27/2020 5:04:52 AM

Testimony for WAM on 2/27/2020 10:35:00 AM



Submitted By	Organization	Testifier Position	Present at Hearing
Michael Ahern	Individual	Support	No

Comments:

As a tourist to the great State of Hawaii, a former air pollution control regulator and a member of Climate-XChange.org, I am writing in support of passage of SB 3150. Although a command and control approach to regulating air pollution is the appropriate tool in many instances, I firmly believe that the use—based tax on all carbon dioxide— emitting fuels, such as oil, gas, and coal established in proposed SB3150 is the most efficient, targeted and beneficial approach for Hawaii as the state shifts from fossil fuel-based energy supplies to a renewable energy-based economy in its efforts to reduce carbon emissions in the state. Hawaii is in a unique position to provide leadership in demonstrating a successful shift to clean energy. Of particular note, the language of SB3150 provides simple, measurable, enforceable and effective pricing on carbon emissions through an existing tax framework. Further, targeting funds to be deposited, in part, into the energy security special fund established under section 201—12.8 and the energy systems development special fund established under section 304A—2169.I demonstrates a commitment to developing a future clean energy infrastructure suited to the many different communities in Hawaii. These two funds are critical in

- assisting 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; and,
- Providing a funding to leverage obtaining matching funds from federal and private sources for research, development, and demonstration of renewable energy sources; and,
- Providing funding for awarding contracts or grants to develop and deploy technologies that will reduce Hawaii's dependence on imported energy resources and imported oil.

I look forward to hearing that this legislative initiative has passed and eventually is signed into law. I also look forward to seeing the progress made by Hawaii to shift to clean, renewable energy on my future trips to the state.

LATE

SB-3150-SD-1

Submitted on: 2/27/2020 5:05:24 AM

Testimony for WAM on 2/27/2020 10:35:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Nanea Lo	Individual	Support	No

Comments:

Dear Chair Dela Cruz, and members:

As one of 350Hawaii.org's 6,000 members, I support SB 3150 SD1.

Numerous prominent economists from across the political spectrum agree that a carbon tax is the single most effective method for reducing carbon dioxide emissions, and thus climate change. Given the myriad negative effects of climate change that Hawaii has already been suffering under for years, the legislature should proceed with all speed to study and implement such a tax.

Though many experts recommend a much higher rate, a price of \$40 per metric ton of carbon dioxide emissions in 2021 is a very fair starting point. Increasing the tax rate over time so that, in 2030, it is equivalent to a carbon price of \$80 is gradual and gives consumers and businesses plenty of time to understand, identify and adjust their buying habits to lower-carbon alternatives.

me ke aloha 'Ä• ina,

Nanea Lo

LATE

SB-3150-SD-1

Submitted on: 2/27/2020 5:51:29 AM

Testimony for WAM on 2/27/2020 10:35:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Michael Zehner	Individual	Oppose	No

Comments:

This bill is a massive money grab from working and middle class people.

It is not appropriate for Hawaii since our cost of living is already out of control and the impact of any carbon reduction would have next to zero change on global carbon emissions.

LATE

SB-3150-SD-1

Submitted on: 2/27/2020 8:30:42 AM

Testimony for WAM on 2/27/2020 10:35:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Ruta Jordans	Individual	Support	No

Comments:

SB-3150-SD-1

Submitted on: 2/27/2020 9:17:56 AM

Testimony for WAM on 2/27/2020 10:35:00 AM

LATE

Submitted By	Organization	Testifier Position	Present at Hearing
Joshua Walawender	Individual	Support	No

Comments:

SB-3150-SD-1

Submitted on: 2/27/2020 9:25:37 AM

Testimony for WAM on 2/27/2020 10:35:00 AM

LATE

Submitted By	Organization	Testifier Position	Present at Hearing
Fernando L Alvarado	Individual	Support	No

Comments:

This bill makes sense.

LATE

SB-3150-SD-1

Submitted on: 2/27/2020 10:15:28 AM

Testimony for WAM on 2/27/2020 10:35:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Tom Pierce	Individual	Support	No

Comments: