

S.B. NO. 2862

JAN 23 2014

A BILL FOR AN ACT

RELATING TO THE ENVIRONMENTAL RESPONSE, ENERGY, AND FOOD
SECURITY TAX.

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

1 SECTION 1. The purpose of this Act is to change the amount
2 of the current barrel tax that shall be deposited into the
3 environmental response revolving fund from five cents of the
4 current one dollar and five cent tax on each barrel to fifteen
5 cents in order to support emergency oil spill response, chemical
6 leakage response, hazardous environmental disaster response, and
7 environmental clean ups, among other things, which are essential
8 to protect Hawaii's beaches from oil pollution and protect
9 Hawaii's residents and visitors from contamination by harmful
10 chemical and other hazardous material contamination.

11 SECTION 2. Section 243-3.5, Hawaii Revised Statutes, is
12 amended by amending subsection (a) to read as follows:

13 "(a) In addition to any other taxes provided by law,
14 subject to the exemptions set forth in section 243-7, there is
15 hereby imposed a state environmental response, energy, and food
16 security tax on each barrel or fractional part of a barrel of
17 petroleum product sold by a distributor to any retail dealer or

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1 end user of petroleum product, other than a refiner. The tax
2 shall be \$1.05 on each barrel or fractional part of a barrel of
3 petroleum product that is not aviation fuel; provided that of
4 the tax collected pursuant to this subsection:

- 5 (1) ~~[5]~~ 15 cents of the tax on each barrel shall be
6 deposited into the environmental response revolving
7 fund established under section 128D-2;
8 (2) 15 cents of the tax on each barrel shall be deposited
9 into the energy security special fund established
10 under section 201-12.8;
11 (3) 10 cents of the tax on each barrel shall be deposited
12 into the energy systems development special fund
13 established under section 304A-2169; and
14 (4) 15 cents of the tax on each barrel shall be deposited
15 into the agricultural development and food security
16 special fund established under section 141-10. The
17 tax imposed by this subsection shall be paid by the
18 distributor of the petroleum product."

19 SECTION 3. Statutory material to be repealed is bracketed
20 and stricken. New statutory material is underscored.

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1 SECTION 4. This Act, upon its approval, shall take effect
2 on July 1, 2014.

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INTRODUCED BY:



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BY REQUEST

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Report Title:

Environmental Response, Energy, and Food Security Tax

Description:

Changes the amount of the tax that shall be deposited into the Environmental Response Revolving Fund from five cents on each barrel to fifteen cents on each barrel to support environmental activities and programs.

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

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JUSTIFICATION SHEET

DEPARTMENT: Health

TITLE: A BILL FOR AN ACT RELATING TO THE ENVIRONMENTAL RESPONSE, ENERGY, AND FOOD SECURITY TAX.

PURPOSE: The purpose of this Act is to change the amount of the tax that shall be deposited into the Environmental Response Revolving Fund (ERRF) from 5 cents on each barrel to 15 cents on each barrel to support environmental activities and programs.

MEANS: To amend section 243-3.5(a), Hawaii Revised Statutes.

JUSTIFICATION: The purpose of the fund is to support oil spill response and environmental clean ups; to protect Hawaii's beaches from oil pollution and protect Hawaii's people and environment from chemical contamination. Recently, the "barrel tax" was increased from 5 cents to \$1.05. The additional dollar fee was created to support food and energy independence. However, most of the income from the dollar fee was diverted into the general fund.

In the meantime, the economy and Hawaii's success in reducing our dependence on oil has decreased the ERRF income. The Department of Health no longer has the funds on hand to adequately respond to oil and chemical emergencies. We propose to increase ERRF income from the barrel fee from 5 cents to 15 cents. This will not necessarily impact the part of the barrel tax being dedicated to energy and food sustainability.

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Impact on the public: Greater assurance of robust and ongoing state response to environmental hazards.

Impact on the department and other agencies:
None.

GENERAL FUND: It may reduce the amount of barrel fee money that was temporarily diverted into the general fund by about approximately \$3,000,000 each year.

OTHER FUNDS: None.

PPBS PROGRAM
DESIGNATION: None.

OTHER AFFECTED
AGENCIES: None.

EFFECTIVE DATE: July 1, 2014.