

JAN 28 2015

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 legislature finds that the State needs to
2 direct new revenues toward new priorities and move immediately
3 to drive the clean energy and food sustainability agenda in
4 Hawaii. The State of Hawaii relies on imports for approximately
5 ninety per cent of its energy and food needs. This dependency
6 is economically and environmentally unsustainable, and achieving
7 the important task of energy and food security requires a
8 long-term commitment and investment of substantial financial
9 resources.

10 Through Act 73, Session Laws of Hawaii 2010, the
11 legislature recognized that it is in the best interest of
12 Hawaii's people to build the capacity needed to become
13 self-sufficient in our energy and food needs as stated in the
14 "Hawaii 2050 Sustainability Plan". Specifically, Act 73
15 increased the per-barrel tax on petroleum products under the
16 environmental response, energy, and food security tax, formerly
17 known as the environmental response tax.

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1 The legislature further finds and declares that the
2 environmental response, energy, and food security tax was
3 intended to support critical investments in clean energy and
4 local agricultural production to reduce the State's dependence
5 on imported fossil fuels and food products. As currently
6 apportioned, only a total of 30 cents of the \$1.05-per-barrel
7 tax is being allocated to the energy security special fund and
8 the agricultural development and food security special fund,
9 with just 15 cents going to each fund, while the majority of the
10 funds, 60 cents per barrel, is deposited to the general fund.
11 The legislature finds that this was clearly not the intent of
12 Act 73.

13 The purpose of this Act is to increase the allocated amount
14 of the environmental response, energy, and food security tax for
15 the agricultural development and food security special fund, in
16 order to support the intended purposes of Act 73.

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

19 "(a) In addition to any other taxes provided by law,
20 subject to the exemptions set forth in section 243-7, there is
21 hereby imposed a state environmental response, energy, and food
22 security tax on each barrel or fractional part of a barrel of

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

6 (1) 5 cents of the tax on each barrel shall be deposited
7 into the environmental response revolving fund
8 established under section 128D-2;

9 (2) 15 cents of the tax on each barrel shall be deposited
10 into the energy security special fund established
11 under section 201-12.8;

12 (3) 10 cents of the tax on each barrel shall be deposited
13 into the energy systems development special fund
14 established under section [†]304A-2169.1[†]; and

15 (4) [~~15~~] 25 cents of the tax on each barrel shall be
16 deposited into the agricultural development and food
17 security special fund established under section 141-
18 10.

19 The tax imposed by this subsection shall be paid by the
20 distributor of the petroleum product."

21 SECTION 3. There are appropriated out of the agricultural
22 development and food security special fund the sum of

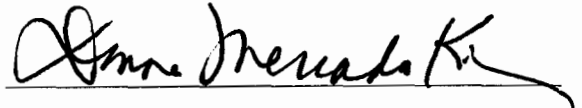
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1 \$6,100,000, or so much thereof as may be necessary, for fiscal
2 year 2015-2016 and the same sum, or so much thereof as may be
3 necessary, for fiscal year 2016-2017 to carry out the purposes
4 of this Act. The sums appropriated shall be expended by the
5 department of agriculture.

6 SECTION 4. Statutory material to be repealed is bracketed
7 and stricken. New statutory material is underscored.

8 SECTION 5. This Act, upon its approval, shall take effect
9 on July 1, 2015.

10
11 INTRODUCED BY:



12 BY REQUEST
13

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Report Title:

Environmental Response, Energy, and Food Security Tax

Description:

Increases the current 15-cent allocation to the Agricultural Development and Food Security Special Fund and the 15-cent allocation to the Energy Security Special Fund to 40 cents of the Environmental Response, Energy, and Food Security Tax on each barrel of petroleum product that is not aviation fuel. Also increases the current 5-cent allocation to the Environmental Response Revolving Fund to 15 cents.

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

JUSTIFICATION SHEET

DEPARTMENT: Agriculture

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

PURPOSE: Increase the allocation from the Environmental Response, Energy, and Food Security Tax to the Agricultural Development and Food Security Special Fund from 15 cents to 25 cents.

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

JUSTIFICATION: The State of Hawaii relies on imports for approximately ninety percent of its energy and food needs. This dependency is economically and environmentally unsustainable, and achieving the important task of energy and food security requires a long-term commitment and investment of substantial financial resources.

The Environmental Response, Energy, and Food Security Tax was intended to support critical investments in clean energy and local agricultural production to reduce the State's dependence on imported fossil fuels and food products. As currently apportioned, only a total of 30 cents of the \$1.05-per-barrel tax is being allocated to the Energy Security Fund and the Agricultural Development and Food Security Special Fund, with just 15 cents going to each fund, while the majority of the funds, 60 cents per barrel, are deposited to the general fund. This was clearly not the intent of Act 73.

Impact on the public: Would increase funding to the Department of Agriculture for

better implementation of programs that would directly benefit the public through greater food security and sustainability.

Impact on the department and other agencies:
Would reduce the 60 cents currently going to the general fund by 10 cents. Would also increase funding available to the Department of Agriculture needed to fully perform their mandated duties.

GENERAL FUND: Reduction of general revenues by \$2,400,000.

OTHER FUNDS: Increase of \$2,400,000 to the Agricultural Development and Food Security Special Fund.

PPBS PROGRAM
DESIGNATION: AGR 192.

OTHER AFFECTED
AGENCIES: None.

EFFECTIVE DATE: July 1, 2015.