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# A BILL FOR AN ACT

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RELATING TO ENVIRONMENTAL PROTECTION.

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

1       SECTION 1. The legislature finds that climate change is  
2       occurring as a result of human activity, particularly through  
3       the burning of fossil fuels and release of carbon dioxide.  
4       Continued burning of fossil fuels can cause the State and the  
5       rest of the world irreparable harm. In response, the State has  
6       set standards and begun initiatives that will help in  
7       transitioning into a community that uses more sustainable and  
8       efficient energy sources and eventually reach the goal of  
9       achieving one hundred per cent of generated electricity through  
10      renewable energy by 2040. This Act's goal is to manage the  
11      emissions of carbon dioxide gas and help in achieving the one  
12      hundred per cent renewable energy goal by 2040.

13      The purpose of this Act is to establish a carbon tax, which  
14      imposes a tax of ten dollars for every ton of carbon dioxide  
15      emitted from the use of fossil fuel, with a certain amount of  
16      the tax collected to be deposited into the environmental  
17      response revolving fund.



SECTION 2. Chapter 243, Hawaii Revised Statutes, is amended by adding a new part to be appropriately designated and to read as follows:

**"PART . CARBON TAX LAW**

**§243-A Definitions.** As used in this part, unless the context clearly indicates otherwise:

"Fossil fuel" means a hydrocarbon deposit, such as coal, natural gas, or liquefied natural gas, derived from the accumulated remains of ancient plants or animals and used for fuel, petroleum, and any petroleum product.

**§243-B Carbon tax; uses.** (a) In addition to any other taxes provided by law, subject to the exemptions set forth in section 243-7, there is hereby imposed a carbon tax on each ton of carbon dioxide emitted from the use of a fossil fuel by a distributor. The tax shall be as follows:

- (1) \$10 per ton of carbon dioxide emitted beginning January 1, 2019;
- (2) \$15 per ton of carbon dioxide emitted beginning January 1, 2020;
- (3) \$20 per ton of carbon dioxide emitted beginning January 1, 2021;



1 (4) \$25 per ton of carbon dioxide emitted beginning

2 January 1, 2022;

3 (5) \$30 per ton of carbon dioxide emitted beginning

4 January 1, 2023;

5 (6) \$35 per ton of carbon dioxide emitted beginning

6 January 1, 2024; and

7 (7) \$40 per ton of carbon dioxide emitted beginning

8 January 1, 2025, and for every year thereafter.

9 The tax imposed by this subsection shall be paid by the  
10 distributor that has emitted carbon dioxide.

11 (b) Each distributor subject to the tax imposed by  
12 subsection (a), on or before the last day of each calendar  
13 month, shall file with the director, on forms prescribed,  
14 prepared, and furnished by the director, a return statement of  
15 the tax under this section for which the distributor is liable  
16 for the preceding month. The form and payment of the tax shall  
17 be transmitted to the department of taxation in the appropriate  
18 district.

19 (c) Notwithstanding section 248-8 to the contrary, twenty  
20 per cent of the carbon tax collected under this section shall be  
21 paid over to the director of finance for deposit into the



1 environmental response revolving fund established under section  
2 128D-2. The remaining amount shall be deposited to the credit  
3 of the state general fund.

4 (d) Every distributor shall keep in the State and preserve  
5 for five years a record in a form as the department of taxation  
6 shall prescribe showing the total amount of carbon dioxide  
7 emitted and taxes paid. The record shall show any other data  
8 and figures relevant to the enforcement and administration of  
9 this chapter as the department may require.

10 **§243-C Carbon rating.** The department of health shall  
11 adopt rules specifying the basis for a carbon calculation on the  
12 emissions of carbon dioxide inherent in or associated with  
13 fossil fuels."

14 SECTION 2. Chapter 243, Hawaii Revised Statutes, is  
15 amended by designating sections 243-1 through 243-16 as part I  
16 and inserting a title before section 243-1 to read as follows:

17 **"PART I. GENERAL PROVISIONS"**

18 SECTION 3. Section 128D-2, Hawaii Revised Statutes, is  
19 amended to read as follows:

20 **"§128D-2 Environmental response revolving fund; uses. (a)**

21 There is created within the state treasury an environmental



1 response revolving fund, which shall consist of moneys  
2 appropriated to the fund by the legislature, moneys paid to the  
3 fund as a result of departmental compliance proceedings, moneys  
4 paid to the fund pursuant to court-ordered awards or judgments,  
5 moneys paid to the fund in court-approved or out-of-court  
6 settlements, all interest attributable to investment of money  
7 deposited in the fund, moneys deposited in the fund from the  
8 environmental response, energy, and food security tax pursuant  
9 to section 243-3.5, moneys deposited in the fund from the carbon  
10 tax pursuant to section 243-B, and moneys allotted to the fund  
11 from other sources.

12 (b) Moneys from the fund shall be expended by the  
13 department for the following:

14 (1) Removal, remediation, and detection of oil and  
15 pollutant or contaminant releases;

16 (2) Removal and remediation of hazardous waste and any  
17 other solid, liquid, or gaseous substance that may  
18 harm the environment; and

19 (3) The payment of costs listed under section 128D-4(c).

20 (c) The unexpended and unencumbered moneys in the fund in  
21 excess of \$1,250,000 on June 30 of each fiscal year shall be



1 transferred by the director of finance into and become a  
2 realization of the general fund on that date."


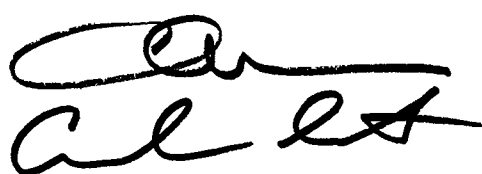
3 SECTION 4. In codifying the new sections added by section  
4 1 of this Act, the revisor of statutes shall substitute  
5 appropriate section numbers for the letters used in designating  
6 the new sections in this Act.

7 SECTION 5. Statutory material to be repealed is bracketed  
8 and stricken. New statutory material is underscored.

9 SECTION 6. This Act shall take effect on July 1, 2018.

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INTRODUCED BY:

  
Richard L. Loe  


JAN 19 2018



# H.B. NO. 1991

**Report Title:**

Carbon Dioxide Emissions; Carbon Tax; Environmental Protection

**Description:**

Imposes a tax of \$10 for every ton of carbon dioxide emitted from the use of fossil fuel. Requires 20% of the tax collected to be deposited into the Environmental Response Revolving Fund.

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

