

STAND. COM. REP. NO.

632

Honolulu, Hawaii

FEB 15 2019

RE: S.B. No. 1463  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirtieth State Legislature  
Regular Session of 2019  
State of Hawaii

Sir:

Your Committees on Agriculture and Environment and Energy,  
Economic Development, and Tourism, to which was referred S.B.  
No. 1463 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

beg leave to report as follows:

The purpose and intent of this measure is to create a  
revenue-neutral measure with the existing fuel taxes and to:

- (1) Replace the environmental response, energy, and food  
security tax with a carbon emissions tax on the sale of  
all fuels with carbon content; and
- (2) Repeal the state fuel tax.

Your Committees received testimony in support of this measure  
from the University of Hawai'i, The Nature Conservancy Hawai'i,  
Blue Planet Foundation, and two individuals. Your Committees  
received testimony in opposition to this measure from three  
individuals. Your Committees received comments on this measure  
from the Department of Taxation; Department of Agriculture;  
Department of Health; Department of Business, Economic  
Development, and Tourism; Department of Land and Natural  
Resources, Department of Transportation; We Are One, Inc.; Life of  
the Land; Tax Foundation of Hawaii; Elemental Excelsior; and  
Sierra Club of Hawai'i.



Your Committees find that transportation-generated greenhouse gas emissions are a significant contributor to climate change, and an effective way to reduce greenhouse gas emissions is to put a price on carbon.

Your Committees further find that the best means of carbon pricing for the State is a use-based tax on all carbon dioxide-emitting fuels, such as oil, gas, and coal. The Department of Taxation already implements various fuel-based taxes.

Your Committees also find that a state carbon emissions tax can be implemented by amending the environmental response, energy, and food security tax and repealing the state fuel tax, which changes would likely sustain current levels of state revenue and thereby make this measure revenue-neutral.

Your Committees have amended this measure by:

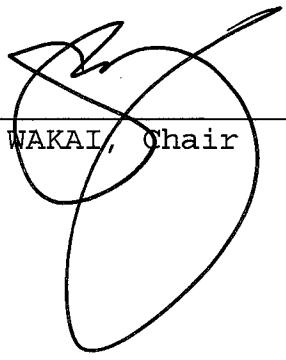
- (1) Directing the Department of Business, Economic Development, and Tourism, rather than the Department of Taxation, to annually submit proposed legislation suggesting amendments to carbon emissions tax rates based on the United States Energy Information Administration's determination of carbon dioxide emissions per energy source;
- (2) Making the measure effective on January 1, 2021, and making the repeal of the fuel tax credit for commercial fishers applicable to taxable years beginning after December 31, 2019, to provide the Department of Taxation with sufficient time to update forms and give notice and educate the public about the new carbon emissions tax and the repealed state fuel tax; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Agriculture and Environment and Energy, Economic Development, and Tourism that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 1463, as amended herein, and recommend that it pass Second



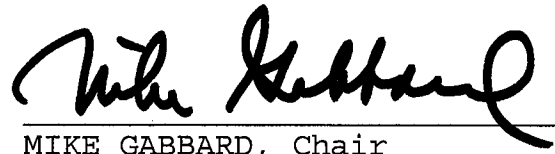
Reading in the form attached hereto as S.B. No. 1463, S.D. 1, and be referred to your Committees on Ways and Means and Judiciary.

Respectfully submitted on behalf of the members of the Committees on Agriculture and Environment and Energy, Economic Development, and Tourism,



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GLENN WAKAI, Chair



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MIKE GABBARD, Chair



The Senate  
Thirtieth Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Agriculture and Environment**  
**AEN**

Bill / Resolution No.:* <b>SB 1463</b>	Committee Referral: <b>AEN/EET, WAM/JDC</b>	Date: <b>02.13.2019</b>		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
GABBARD, Mike (C)	X			
RUDERMAN, Russell E. (VC)	X			
RHOADS, Karl	X			
THIELEN, Laura H.	X			
FEVELLA, Kurt				X
<b>TOTAL</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>1</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
<b>Distribution:</b> Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

\*Only one measure per Record of Votes

The Senate  
Thirtieth Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Energy, Economic Development, and Tourism**  
**EET**

Bill / Resolution No.:* <b>SB 1463</b>	Committee Referral: <b>AEN/EET, WAM/JDC</b>	Date: <b>2/13/19</b>		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
WAKAI, Glenn (C)		✓		
TANIGUCHI, Brian T. (VC)		✓		
INOUE, Lorraine R.				✓
KEOHOKALOPE, Jarrett	✓			
FEVELLA, Kurt				✓
<b>TOTAL</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>2</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
<b>Distribution:</b> Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

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