

STAND. COM. REP. NO. 1006

Honolulu, Hawaii

MAR 1 - 2019

RE: S.B. No. 1463
S.D. 2

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

Sir:

Your Committees on Ways and Means and Judiciary, to which was referred S.B. No. 1463, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

beg leave to report as follows:

The purpose and intent of this measure is to replace the environmental response, energy, and food security tax on barrels of petroleum products with a carbon emissions tax on all fossil fuels and to repeal the state fuel tax.

Your Committees received written comments in support of this measure from the Hawaii Reef and Ocean Coalition and Blue Planet Foundation.

Your Committees received written comments in opposition to this measure from the Honolulu County Republican Party, Chamber of Commerce Hawaii, and six individuals.

Your Committees received written comments on this measure from the Department of Taxation; Department of Land and Natural Resources; Department of Business, Economic Development, and Tourism; Department of Transportation; University of Hawaii; Tax Foundation of Hawaii; The Nature Conservancy; Environmental Caucus Democratic Party of Hawaii; Sierra Club of Hawaii; Hawaiian Electric Company, Inc.; and Elemental Excelerator.



Your Committees find that establishing a carbon tax on all fossil fuels is consistent with the State's commitment to a decisive transition away from fossil fuels and a timely shift to a clean energy economy powered by one hundred percent renewable energy.

Your Committees, however, note concerns with repealing the so-called "barrel tax," because both the Department of Transportation and Department of Business, Economic Development, and Tourism require a stable source of funding. Further, the repeal of the barrel tax may negatively affect transportation emissions. Your Committees recognize that eliminating carbon emissions from the transportation sector of the State may prove more difficult than eliminating carbon emissions from electricity production in the State.

Your Committees also note that a carbon tax, as currently drafted in the measure, may produce regressive effects and disproportionately affect low- to moderate-income persons. Accordingly, if a carbon tax is passed, an equity mechanism would be necessary to offset the anticipated price increases that may be incurred by low- to moderate-income households.

Your Committees further note that the Department of Business, Economic Development, and Tourism; Nature Conservancy; Sierra Club; and Hawaiian Electric Company, Inc., have all indicated their preference for a study to determine the most effective means of implementing a carbon tax in Hawaii.

Your Committees have amended this measure by:

- (1) Amending the definition of "unit" to refer to the specific fossil fuels listed in the carbon emission tax provisions;
- (2) Requiring the Department of Business, Economic Development, and Tourism to include in its annual report to the Legislature an analysis of the annual price increase per carbon dioxide equivalent that is necessary for the State to meet its goal of net zero emissions;



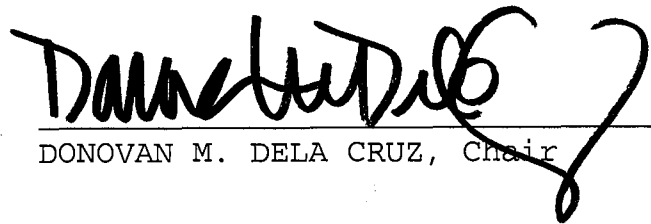
- (3) Clarifying that the repeal of the fuel tax credit for commercial fishers shall take effect on January 1, 2051; and
- (4) Changing the effective date of the measure to July 1, 2050, to facilitate further discussion on the measure.

As affirmed by the records of votes of the members of your Committees on Ways and Means and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 1463, S.D. 1, as amended herein, and recommend that it pass Third Reading in the form attached hereto as S.B. No. 1463, S.D. 2.

Respectfully submitted on
behalf of the members of the
Committees on Ways and Means
and Judiciary,



KARL RHOADS, Chair

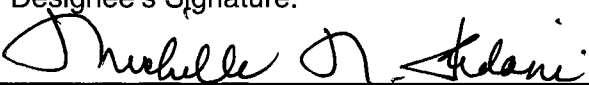


DONOVAN M. DELA CRUZ, Chair



The Senate
Thirtieth Legislature
State of Hawai'i

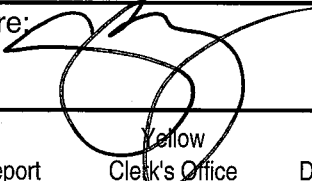
Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* SB1463 SD1	Committee Referral: AEN/EET, WAM/JDC	Date: 2/26/2019		
<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
DELA CRUZ, Donovan M. (C)	/			
KEITH-AGARAN, Gilbert S.C. (VC)				/
ENGLISH, J. Kalani	/			
HARIMOTO, Breene	/			
INOUYE, Lorraine R.				/
KAHELE, Kaiali'i	/			
KANUHA, Dru Mamo	/			
KIDANI, Michelle N.	/			
MORIWAKI, Sharon Y.		/		
RIVIERE, Gil				/
SHIMABUKURO, Maile S.L.	/			
TANIGUCHI, Brian T.	/			
FEVELLA, Kurt	/			
TOTAL	9	1		3
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: 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 Judiciary
 JDC**

Bill / Resolution No.:* SB 1463, SDI	Committee Referral: AEN/EET, WAM/JDC	Date: 2/26/19		
<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
RHOADS, Karl (C)	✓			
WAKAI, Glenn (VC)	✓	✓		
GABBARD, Mike	✓	✓		
KIM, Donna Mercado	✓	✓		
FEVELLA, Kurt	✓			
TOTAL	3	2	0	0
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

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