
A BILL FOR AN ACT

RELATING TO SUSTAINABLE AVIATION FUEL.

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

- 1 SECTION 1. The legislature finds that at the inaugural
2 Hawaii Aviation and Climate Action Summit on December 3, 2019,
3 participants found that:
- 4 (1) Tourism is the number one driver of Hawaii's economy;
 - 5 (2) Over ninety-five per cent of visitor arrivals are by
6 plane;
 - 7 (3) Nearly one-third of the energy consumed in the State
8 is for jet fuel, which is a higher proportion of
9 petroleum consumption than any other individual state;
 - 10 (4) Over one-third of Hawaii flights are to and from
11 international destinations;
 - 12 (5) In 2021, a number of international flights will become
13 subject to the offsetting requirements established by
14 the International Civil Aviation Organization's Carbon
15 Offsetting and Reduction Scheme for International
16 Aviation, with virtually all international flights
17 becoming subject to the International Civil Aviation



- 1 Organization's Carbon Offsetting and Reduction Scheme
2 for International Aviation offsetting in 2027;
- 3 (6) The International Civil Aviation Organization's Carbon
4 Offsetting and Reduction Scheme for International
5 Aviation requires commercial airlines to reduce
6 greenhouse gas emissions by fifty per cent below 2005
7 levels by 2050;
- 8 (7) Mechanisms for airlines to meet the International
9 Civil Aviation Organization's Carbon Offsetting and
10 Reduction Scheme for International Aviation
11 requirements include fuel efficiency improvements,
12 switching to sustainable aviation fuel with a
13 greenhouse gas carbon intensity below a petroleum
14 benchmark, and purchasing and retiring carbon offsets;
- 15 (8) The State can support small and local business
16 innovation and technology development for this
17 important sector by expanding the authority of the
18 Hawaii technology development corporation to match
19 federal and private funding in this area; and
- 20 (9) A portion of the environmental response, energy, and
21 food security tax, also known as the "barrel tax",



1 currently allocated to the general fund can be
2 appropriately directed to the Hawaii technology
3 development corporation to support this program.

4 The purpose of this Act is to support the greenhouse gas
5 lifecycle reduction of commercial aviation in the State by
6 establishing a sustainable aviation fuel program within the
7 Hawaii technology development corporation.

8 SECTION 2. Chapter 206M, Hawaii Revised Statutes, is
9 amended by adding a new section to part I to be appropriately
10 designated and to read as follows:

11 "~~§206M-~~ **Sustainable aviation fuel program; established.**

12 (a) There is established the sustainable aviation fuel program,
13 through which the development corporation may provide matching
14 grants to any small business in the State that is developing
15 products related to sustainable aviation fuel or greenhouse gas
16 reduction from commercial aviation operations and requires
17 assistance for any of the following items:

- 18 (1) Business planning;
19 (2) Technology development;
20 (3) Engineering; or
21 (4) Research.



1 (b) All moneys necessary to carry out the purposes of this
2 section may be appropriated by the legislature from the
3 environmental response, energy, and food security tax revenues
4 under section 243-3.5.

5 (c) In reviewing grant applications pursuant to this
6 section, the development corporation shall analyze each
7 application to determine whether the item to be undertaken will
8 be economically viable and beneficial to the State.

9 (d) For the purposes of the program, product development
10 activities eligible for matching funds grants shall reduce
11 commercial aviation greenhouse gas emissions through:

- 12 (1) Sustainable aviation fuel production;
13 (2) Airborne operations fuel efficiency;
14 (3) Ground support equipment fuel replacement;
15 (4) Ground support equipment fuel efficiency; or
16 (5) Airport operations support to reduce overall jet fuel
17 consumption.

18 (e) Hawaii jet fuel baseline carbon intensity shall be set
19 at eighty-nine grams of carbon dioxide equivalent per megajoule,
20 in line with the benchmark established by the International
21 Civil Aviation Organization. This carbon intensity may be



1 revised from time to time upon recommendation from the Hawaii
2 state energy office based upon future revisions to the United
3 States Department of Energy's Greenhouse Gases, Regulated
4 Emissions, and Energy Use in Transportation full life-cycle
5 model; provided that carbon intensity shall be measured in the
6 units of grams of carbon dioxide equivalent per megajoule.

7 (f) For the purposes of this section:

8 "Grant" means financial assistance provided to Hawaii small
9 business innovation research, small business technology
10 transfer, and other agency and private sector awardees and
11 applicants under the terms and conditions provided in this
12 chapter.

13 "Hawaii small business innovation research", "small
14 business technology transfer", and "sustainable aviation grant
15 program" means the programs administered by the development
16 corporation to encourage participation by Hawaii companies in
17 the federal research and development programs.

18 "Other agency" means an entity that receives an award or
19 contract granted by the United States Departments of
20 Agriculture, Transportation, Energy, Defense, or Commerce, or



1 other federal agency for activity consistent with those defined
2 in this program.

3 "Sustainable aviation fuel" means American Society for
4 Testing and Materials D7566-compliant renewable aviation turbine
5 fuel derived from eligible materials as defined under section
6 269-91 and with a greenhouse gas lifecycle carbon intensity
7 lower than the baseline for jet fuel defined by the
8 International Civil Aviation Organization."

9 SECTION 3. New statutory material is underscored.

10 SECTION 4. This Act shall take effect on July 1, 2050.



Report Title:

Hawaii Technology Development Corporation; Sustainable Aviation Fuel Program; Environmental Response, Energy, and Food Security Tax

Description:

Establishes the sustainable aviation fuel program to provide matching grants to any small business in Hawaii that is developing products related to sustainable aviation fuel or greenhouse gas reduction from commercial aviation operations. Specifies that moneys for the program are from legislative appropriations out of the environmental response, energy, and food security tax. Effective 7/1/2050. (HD1)

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