

Honolulu, Hawaii

**FEB 10**, 2022

RE: H.B. No. 2278  
H.D. 1

Honorable Scott K. Saiki  
Speaker, House of Representatives  
Thirty-First State Legislature  
Regular Session of 2022  
State of Hawaii

Sir:

Your Committee on Energy & Environmental Protection, to which was referred H.B. No. 2278 entitled:

"A BILL FOR AN ACT RELATING TO ENERGY,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Amend the Environmental Response, Energy, and Food Security Tax, also known as the Barrel Tax, to tax carbon emissions; and
- (2) Establish a refundable income tax credit to mitigate the effect of the carbon emissions tax on taxpayers.

Your Committee received testimony in support of this measure from the Kauai Women's Caucus; Environmental Justice Task Force of Faith Action for Community Equity; The Nature Conservancy; Kauai Climate Action Coalition; Ulupono Initiative; Citizens' Climate Lobby, Kauai Chapter; Citizens' Climate Lobby, Hawaii Island Chapter; Citizens' Climate Lobby Hawaii; Imua Alliance; Hawaii Interfaith Power and Light; Climate Protectors Hawai'i; Environmental Caucus of the Democratic Party of Hawai'i; and numerous individuals. Your Committee received testimony in opposition to this measure from the Practical Policy Institute of Hawaii, Honolulu County Republican Party, The Heartland Institute,



Life of the Land, and one individual. Your Committee received comments on this measure from the Department of Budget and Finance, Department of Taxation, Department of the Attorney General, Hawaii State Energy Office, Par Hawaii, Grassroot Institute of Hawaii, Tax Foundation of Hawaii, and one individual.

Your Committee finds that other countries have successfully assessed a tax on producers and importers of fossil fuels to reduce the consumption of fossil fuels. The tax has shown to reduce the emissions of greenhouse gases, leading to a more sustainable environment and reducing local air pollution. Establishing a carbon emissions tax in Hawaii could similarly substantially lower the consumption of fossil fuels in the State, while also creating a net financial benefit to many of Hawaii's households, especially low-income households.

Your Committee has amended this measure by:

- (1) Clarifying the definitions of "qualified taxpayer" and "qualifying child";
- (2) Changing the effective date to July 1, 2100, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Energy & Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2278, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2278, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.



Respectfully submitted on  
behalf of the members of the  
Committee on Energy &  
Environmental Protection,

  
NICOLE E. LOWEN, Chair



State of Hawaii  
House of Representatives  
The Thirty-first Legislature

HSCR 180-22

**Record of Votes of the Committee on Energy & Environmental Protection**

Bill/Resolution No.: <b>HB 2278</b>	Committee Referral: <b>EEP, CPC, FIN</b>	Date: <b>2/8/22</b>		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
EEP Members	Ayes	Ayes (WR)	Nays	Excused
1. LOWEN, Nicole E. (C)	/			
2. MARTEN, Lisa (VC)	/			
3. HASHEM, Mark J.	/			
4. MATAYOSHI, Scot Z.	/			
5. PERRUSO, Amy A.	/			
6. TODD, Chris	/			
7. TOKIOKA, James Kunane	/			
8. MATSUMOTO, Lauren	/			
TOTAL (8)	8			
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
If joint referral, _____ did not support recommendation.				
			committee acronym(s)	
Vice Chair's or designee's signature: <u>Lisa Marten</u>				
Distribution:   Original (White) – Committee          Duplicate (Yellow) – Chief Clerk's Office          Duplicate (Pink) – HMSO				