

Honolulu, Hawaii

FEB 18 , 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 Consumer Protection & Commerce, to which was referred H.B. No. 2278, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO ENERGY,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Establish a refundable income tax credit to mitigate the effect of a carbon emissions tax on taxpayers; and
- (2) Amend the environmental response, energy, and food security tax to address carbon emissions.

Your Committee received testimony in support of this measure from Hawaii Interfaith Power and Light, Environmental Justice Task Force of Faith Action for Community Equity, Ulupono Initiative, Imua Alliance, Kauai Climate Action Coalition, Climate Protectors Hawai'i, The Nature Conservancy, Citizens' Climate Lobby Hawaii, Citizens' Climate Lobby - Hawaii Island Chapter, and eighteen individuals. Your Committee received testimony in opposition to this measure from the Honolulu County Republican Party, Life of the Land, and two individuals. Your Committee received comments on this measure from Department of Taxation, Department of Budget and Finance, Hawaii State Energy Office, Tax Foundation of Hawaii,



Hawaii Automobile Dealers' Association, Par Hawaii, and Grassroot Institute of Hawaii.

Your Committee finds that carbon pricing is an effective way to reduce emissions and it is, therefore, appropriate to use carbon pricing policies as a tool in the State's climate policy package. Your Committee further finds that distributing most of the carbon tax revenue to Hawaii's households in a low-tax scenario would create a net financial benefit to most of the State's households, with the largest net financial benefit to low-income households. Establishing a carbon tax on fossil fuels in tandem with a refundable tax credit or cash payment would thereby help to control carbon emissions, benefit the environment and human health, and promote the State's clean energy goals without negatively impacting low-income households.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2278, H.D. 1, and recommends that it be referred to your Committee on Finance.

Respectfully submitted on  
behalf of the members of the  
Committee on Consumer  
Protection & Commerce,

  
AARON LING JOHANSON, Chair



