
A BILL FOR AN ACT

RELATING TO ENERGY.

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

1 SECTION 1. The legislature finds that assessing a tax on
2 producers and importers of fossil fuels has been successful in
3 countries throughout the world in reducing the consumption of
4 fossil fuels. The effect of the tax has been to reduce the
5 emissions of greenhouse gases, leading to a more sustainable
6 environment and reducing local air pollution. Dozens of eminent
7 economists have endorsed a carbon tax and dividend policy. An
8 April 2021 study by the University of Hawaii Economic Research
9 Organization (UHERO), "Carbon Pricing Assessment for Hawaii:
10 Economic and Greenhouse Gas Impacts" explains how this carbon
11 tax and dividend policy would affect Hawaii and shows that it
12 would substantially reduce the consumption of fossil fuels,
13 while financially benefiting most Hawaii households. Low-income
14 households would experience the greatest financial benefit.

15 The legislature further finds that more than forty
16 countries have adopted a carbon tax, with more considering it.
17 The World Bank asserts that "carbon pricing is the most



1 effective way to reduce emissions, and all jurisdictions must go
2 further and faster in using carbon pricing policies as part of
3 their climate policy packages." The level of pricing is key,
4 and according to the World Bank, fossil fuels must be priced
5 between \$50 and \$100 per ton of carbon dioxide emissions in the
6 next few years to put the world on the path to achieving the
7 goals of the Paris Agreement. The Group of 20, which includes
8 the United States, the European Union, China, India, and Russia,
9 representing ninety per cent of the world's economy, encourages
10 the appropriate use of carbon pricing when used among a wide set
11 of tools to control climate change.

12 Over three thousand five hundred economists, twenty-eight
13 Nobel Laureate economists, four former chairs of the Federal
14 Reserve, and fifteen former chairs of the Council of Economic
15 Advisors have signed a statement endorsing carbon pricing. The
16 statement reads, in part, "[a] carbon tax offers the most cost-
17 effective lever to reduce carbon emissions at the scale and
18 speed that is necessary." The statement goes on to say that the
19 carbon tax should be increased until emission reduction goals
20 are met and that "[t]o maximize the fairness and political
21 viability of a rising carbon tax, all the revenue should be



1 returned directly to U.S. citizens through equal lump-sum
2 rebates. The majority of American families, including the most
3 vulnerable, will benefit financially by receiving more in
4 'carbon dividends' than they pay in increased energy prices."

5 Basic economics explains how carbon pricing would reduce
6 the consumption of fossil fuels. However, some people have
7 questioned the financial impacts of carbon pricing on Hawaii's
8 families, particularly those in the lowest income bracket. This
9 concern has been addressed in the UHERO study; however, the
10 study was issued too late to affect the carbon pricing bills
11 considered during the regular session of 2021.

12 The UHERO study examines two levels of carbon taxes - a low
13 tax scenario and a high tax scenario. The study also examines
14 two uses of the tax revenue, one with all of the tax revenue
15 used to finance government programs, and the other with most of
16 the tax revenue distributed to Hawaii's households. The study
17 concludes that the consumption of fossil fuels would be
18 substantially reduced in both tax scenarios and that
19 distributing most of the tax revenue to Hawaii's households in
20 the low tax scenario would create a net financial benefit to
21 most of Hawaii's households, with the largest net financial



1 benefit to low-income households. The study finds that the
2 dividend makes the carbon tax and dividend model progressive
3 rather than regressive. This model addresses the concerns of
4 those who had questioned the effect of a carbon tax on low-
5 income families. Under this model, in the low tax scenario,
6 low-income households would benefit financially, on average,
7 because their dividend would be larger than their increased
8 spending resulting from the carbon tax.

9 This Act incorporates many of the elements of the low tax
10 scenario of the UHERO study and distributes most of the tax
11 revenue to Hawaii's households in the form of a refundable tax
12 credit within the range that the World Bank has determined would
13 achieve the goals of the Paris Agreement. In Hawaii, a carbon
14 tax would very likely have the effect of raising the sales
15 prices of fossil fuels. Such an increase would move fossil fuel
16 prices closer to their true unsubsidized prices. The fossil
17 fuel industry receives subsidies from the federal government
18 that include both direct subsidies to corporations, as well as
19 indirect subsidies to the fossil fuel industry. Fossil fuel
20 prices do not include the social cost of degradation of the
21 environment that results from the burning of fossil fuels and



1 the resulting damage to human health and welfare. A recent
2 report by the International Monetary Fund estimates total United
3 States fossil fuel subsidies and social costs to be
4 \$649,000,000,000 a year.

5 Interest in a carbon tax is growing in the United States at
6 all levels of government because it is effective and can be used
7 with other efforts to control carbon emissions. Recently, the
8 United States Secretary of the Treasury signed a commitment to
9 the Group of 7 to meet net zero goals and environmental
10 objectives by making "the optimal use of the range of policy
11 levers to price carbon" and emphasized its positive effect on
12 jobs, growth, competitiveness, and fairness.

13 The purpose of this Act is to establish the carbon cashback
14 program, which would impose a carbon tax on fossil fuels, then
15 return an equivalent amount of the money generated by the carbon
16 tax less administrative costs to Hawaii residents in the form of
17 a refundable tax credit or cash payment, which they would be
18 able to spend as they wish.

19 SECTION 2. Chapter 235, Hawaii Revised Statutes, is
20 amended by adding a new section to be appropriately designated
21 and to read as follows:



1 "§235- Tax credit to mitigate the effect of a carbon
2 emissions tax on taxpayers. (a) There shall be allowed to each
3 qualified taxpayer subject to the tax imposed under this
4 chapter, a refundable income tax credit that shall be deductible
5 from the taxpayer's net income tax liability, if any, imposed by
6 this chapter for the taxable year in which the credit is
7 properly claimed.

8 (b) The amount of the tax credit shall be equal to the sum
9 of the following:

10 (1) For taxpayers filing as single or married filing
11 separately:

12 (A) (i) \$65 for the taxable year beginning on
13 January 1, 2023;

14 (ii) \$210 for the taxable year beginning on
15 January 1, 2024;

16 (iii) \$360 for the taxable year beginning on
17 January 1, 2025;

18 (iv) \$380 for the taxable year beginning on
19 January 1, 2026;

20 (v) \$420 for the taxable year beginning on
21 January 1, 2027;



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- 1 (vi) \$440 for the taxable year beginning on
- 2 January 1, 2028, and for every taxable year
- 3 thereafter through December 31, 2031;
- 4 (vii) \$450 for the taxable year beginning on
- 5 January 1, 2032;
- 6 (viii) \$460 for the taxable year beginning on
- 7 January 1, 2033;
- 8 (ix) \$470 for the taxable year beginning on
- 9 January 1, 2034; and
- 10 (x) \$480 for the taxable year beginning on
- 11 January 1, 2035, and for every taxable year
- 12 thereafter; and
- 13 (B) \$ _____ per qualifying child;
- 14 (2) For taxpayers filing as a head of household:
- 15 (A) (i) \$130 for the taxable year beginning on
- 16 January 1, 2023;
- 17 (ii) \$420 for the taxable year beginning on
- 18 January 1, 2024;
- 19 (iii) \$720 for the taxable year beginning on
- 20 January 1, 2025;



- 1 (iv) \$760 for the taxable year beginning on
- 2 January 1, 2026;
- 3 (v) \$850 for the taxable year beginning on
- 4 January 1, 2027;
- 5 (vi) \$880 for the taxable year beginning on
- 6 January 1, 2028, and for every taxable year
- 7 thereafter through December 31, 2031;
- 8 (vii) \$900 for the taxable year beginning on
- 9 January 1, 2032;
- 10 (viii) \$920 for the taxable year beginning on
- 11 January 1, 2033;
- 12 (ix) \$940 for the taxable year beginning on
- 13 January 1, 2034; and
- 14 (x) \$960 for the taxable year beginning on
- 15 January 1, 2035, and for every taxable year
- 16 thereafter; and
- 17 (B) \$ _____ per qualifying child; and
- 18 (3) For taxpayers filing a joint return or as a surviving
- 19 spouse:
- 20 (A) (i) \$30 for the taxable year beginning on
- 21 January 1, 2023;



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- 1 (ii) \$100 for the taxable year beginning on
- 2 January 1, 2024;
- 3 (iii) \$180 for the taxable year beginning on
- 4 January 1, 2025;
- 5 (iv) \$190 for the taxable year beginning on
- 6 January 1, 2026;
- 7 (v) \$201 for the taxable year beginning on
- 8 January 1, 2027;
- 9 (vi) \$220 for the taxable year beginning on
- 10 January 1, 2028, and for every taxable year
- 11 thereafter through December 31, 2032;
- 12 (vii) \$230 for the taxable year beginning on
- 13 January 1, 2033;
- 14 (viii) \$230 for the taxable year beginning on
- 15 January 1, 2034; and
- 16 (ix) \$240 for the taxable year beginning on
- 17 January 1, 2035, and for every taxable year
- 18 thereafter; and
- 19 (B) \$ _____ per qualifying child.

20 (c) If the tax credit claimed by the taxpayer under this
21 section exceeds the amount of the income tax payments due from



1 the taxpayer, the excess of credit over payments due shall be
2 refunded to the taxpayer; provided that the tax credit properly
3 claimed by a taxpayer who has no income tax liability shall be
4 paid to the taxpayer; provided further that no refunds or
5 payments on account of the tax credit allowed by this section
6 shall be made for amounts less than \$1.

7 All claims for the tax credit under this section, including
8 amended claims, shall be filed on or before the end of the
9 twelfth month following the close of the taxable year for which
10 the credit may be claimed. Failure to comply with the foregoing
11 provision shall constitute a waiver of the right to claim the
12 credit.

13 (d) The director of taxation:

14 (1) Shall prepare any forms that may be necessary to claim
15 a tax credit under this section;

16 (2) May require the taxpayer to furnish reasonable
17 information to ascertain the validity of the claim for
18 the tax credit made under this section; and

19 (3) May adopt rules under chapter 91 necessary to
20 effectuate the purposes of this section.



1 (e) All of the provisions relating to assessments and
2 refunds under this chapter and under section 231-23(c)(1) shall
3 apply to the tax credit under this section.

4 (f) As used in this section:

5 "Qualified taxpayer" means a resident taxpayer who files an
6 individual income tax return, whether as a single taxpayer, a
7 head of household, a married individual filing a separate
8 return, a married couple filing a joint return, or a surviving
9 spouse.

10 "Qualifying child" means a minor who:

11 (1) Resides with the taxpayer; and

12 (2) Is claimed as a dependent by the taxpayer."

13 SECTION 3. Section 128D-2, Hawaii Revised Statutes, is
14 amended by amending subsection (a) to read as follows:

15 "(a) There is created within the state treasury an
16 environmental response revolving fund, which shall consist of
17 moneys appropriated to the fund by the legislature, moneys paid
18 to the fund as a result of departmental compliance proceedings,
19 moneys paid to the fund pursuant to court-ordered awards or
20 judgments, moneys paid to the fund in court-approved or out-of-
21 court settlements, all interest attributable to investment of



1 money deposited in the fund, moneys deposited in the fund from
2 the environmental response, energy, carbon emissions, and food
3 security tax pursuant to section 243-3.5, and moneys allotted to
4 the fund from other sources."

5 SECTION 4. Section 201-12.8, Hawaii Revised Statutes, is
6 amended by amending subsection (a) to read as follows:

7 "(a) There is created within the state treasury an energy
8 security special fund, which shall consist of:

9 (1) The portion of the environmental response, energy,
10 carbon emissions, and food security tax specified
11 under section 243-3.5;

12 (2) Moneys appropriated to the fund by the legislature;

13 (3) All interest attributable to investment of money
14 deposited in the fund; and

15 (4) Moneys allotted to the fund from other sources,
16 including under section 196-6.5."

17 SECTION 5. Section 243-3.5, Hawaii Revised Statutes, is
18 amended to read as follows:

19 "**§243-3.5 Environmental response, energy, carbon**

20 **emissions, and food security tax; uses.** (a) In addition to any

21 other taxes provided by law, subject to the exemptions set forth



1 in section 243-7, there is hereby imposed a state environmental
 2 response, energy, carbon emissions, and food security tax on
 3 each barrel or fractional part of a barrel of petroleum product
 4 sold by a distributor to any retail dealer or end user of
 5 petroleum product, other than a refiner. The tax [~~shall be~~
 6 ~~\$1.05~~] on each barrel or fractional part of a barrel of
 7 petroleum product [~~that is not aviation fuel; provided that of~~
 8 ~~the tax~~] shall be in the amounts provided in the following
 9 tables:

| 10 | <u>Product</u> | <u>2023</u> | <u>2024</u> | <u>2025</u> | <u>2026</u> |
|----|-----------------------|---------------|----------------|----------------|----------------|
| 11 | <u>Butane</u> | <u>\$4.26</u> | <u>\$10.86</u> | <u>\$17.73</u> | <u>\$18.40</u> |
| 12 | <u>Propane</u> | <u>\$3.80</u> | <u>\$9.46</u> | <u>\$15.35</u> | <u>\$15.93</u> |
| 13 | <u>Gasoline</u> | <u>\$5.27</u> | <u>\$13.96</u> | <u>\$23.00</u> | <u>\$23.89</u> |
| 14 | <u>Diesel</u> | <u>\$5.95</u> | <u>\$16.06</u> | <u>\$26.57</u> | <u>\$27.60</u> |
| 15 | <u>Kerosene</u> | <u>\$5.93</u> | <u>\$15.97</u> | <u>\$26.42</u> | <u>\$27.44</u> |
| 16 | <u>Aviation gas</u> | <u>\$3.99</u> | <u>\$12.22</u> | <u>\$20.77</u> | <u>\$21.61</u> |
| 17 | <u>Jet fuel</u> | <u>\$4.68</u> | <u>\$14.33</u> | <u>\$24.37</u> | <u>\$25.35</u> |
| 18 | <u>No. 6 fuel oil</u> | <u>\$6.46</u> | <u>\$17.62</u> | <u>\$29.22</u> | <u>\$30.35</u> |
| 19 | <u>Liquefied</u> | | | | |
| 20 | <u>petroleum gas</u> | <u>\$3.78</u> | <u>\$9.41</u> | <u>\$15.26</u> | <u>\$15.83</u> |
| 21 | <u>Other</u> | <u>\$5.99</u> | <u>\$16.18</u> | <u>\$26.76</u> | <u>\$27.80</u> |



| | | | | | |
|----|-----------------------|----------------|----------------|----------------|----------------|
| 1 | | | | | |
| 2 | <u>Product</u> | <u>2027</u> | <u>2028</u> | <u>2029</u> | <u>2030</u> |
| 3 | <u>Butane</u> | <u>\$19.09</u> | <u>\$19.81</u> | <u>\$20.55</u> | <u>\$21.30</u> |
| 4 | <u>Propane</u> | <u>\$16.52</u> | <u>\$17.14</u> | <u>\$17.77</u> | <u>\$18.42</u> |
| 5 | <u>Gasoline</u> | <u>\$24.80</u> | <u>\$25.74</u> | <u>\$26.71</u> | <u>\$27.71</u> |
| 6 | <u>Diesel</u> | <u>\$28.66</u> | <u>\$29.75</u> | <u>\$30.88</u> | <u>\$32.04</u> |
| 7 | <u>Kerosene</u> | <u>\$28.50</u> | <u>\$29.58</u> | <u>\$30.70</u> | <u>\$31.86</u> |
| 8 | <u>Aviation gas</u> | <u>\$22.48</u> | <u>\$23.37</u> | <u>\$24.28</u> | <u>\$25.23</u> |
| 9 | <u>Jet fuel</u> | <u>\$26.37</u> | <u>\$27.41</u> | <u>\$28.49</u> | <u>\$29.60</u> |
| 10 | <u>No. 6 fuel oil</u> | <u>\$31.53</u> | <u>\$32.73</u> | <u>\$33.98</u> | <u>\$35.26</u> |
| 11 | <u>Liquefied</u> | | | | |
| 12 | <u>petroleum gas</u> | <u>\$16.42</u> | <u>\$17.03</u> | <u>\$17.66</u> | <u>\$18.31</u> |
| 13 | <u>Other</u> | <u>\$28.87</u> | <u>\$29.98</u> | <u>\$31.11</u> | <u>\$32.28</u> |
| 14 | | | | | |
| 15 | <u>Product</u> | <u>2031</u> | <u>2032</u> | <u>2033</u> | <u>2034</u> |
| 16 | <u>Butane</u> | <u>\$22.08</u> | <u>\$22.89</u> | <u>\$23.72</u> | <u>\$24.57</u> |
| 17 | <u>Propane</u> | <u>\$19.09</u> | <u>\$19.78</u> | <u>\$20.49</u> | <u>\$21.22</u> |
| 18 | <u>Gasoline</u> | <u>\$28.74</u> | <u>\$29.80</u> | <u>\$30.88</u> | <u>\$32.01</u> |
| 19 | <u>Diesel</u> | <u>\$33.23</u> | <u>\$34.46</u> | <u>\$35.73</u> | <u>\$37.03</u> |
| 20 | <u>Kerosene</u> | <u>\$33.04</u> | <u>\$34.27</u> | <u>\$35.53</u> | <u>\$36.82</u> |
| 21 | <u>Aviation gas</u> | <u>\$26.20</u> | <u>\$27.20</u> | <u>\$28.23</u> | <u>\$29.29</u> |



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|----|-----------------------|--------------------------------------|----------------|----------------|----------------|
| 1 | <u>Jet fuel</u> | <u>\$30.74</u> | <u>\$31.91</u> | <u>\$33.12</u> | <u>\$34.37</u> |
| 2 | <u>No. 6 fuel oil</u> | <u>\$36.57</u> | <u>\$37.93</u> | <u>\$39.33</u> | <u>\$40.77</u> |
| 3 | <u>Liquefied</u> | | | | |
| 4 | <u>petroleum gas</u> | <u>\$18.97</u> | <u>\$19.66</u> | <u>\$20.36</u> | <u>\$21.09</u> |
| 5 | <u>Other</u> | <u>\$33.48</u> | <u>\$34.72</u> | <u>\$36.00</u> | <u>\$37.31</u> |
| 6 | <u>Product</u> | <u>2035 and each year thereafter</u> | | | |
| 7 | <u>Butane</u> | <u>\$25.44</u> | | | |
| 8 | <u>Propane;</u> | <u>\$21.97</u> | | | |
| 9 | <u>Gasoline</u> | <u>\$33.16</u> | | | |
| 10 | <u>Diesel</u> | <u>\$38.37</u> | | | |
| 11 | <u>Kerosene</u> | <u>\$38.15</u> | | | |
| 12 | <u>Aviation gas</u> | <u>\$30.39</u> | | | |
| 13 | <u>Jet fuel</u> | <u>\$35.65</u> | | | |
| 14 | <u>No. 6 fuel oil</u> | <u>\$42.25</u> | | | |
| 15 | <u>Liquefied</u> | | | | |
| 16 | <u>petroleum gas</u> | <u>\$21.84</u> | | | |
| 17 | <u>Other</u> | <u>\$38.66.</u> | | | |

18 The tax amount for each year referenced above shall take effect
19 on January 1 of that year and continue to be applicable until
20 the effective date of the next tax amount.



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1 The tax imposed by this subsection shall be paid by the
2 distributor of the petroleum product.

3 (b) Tax revenues collected pursuant to ~~[this]~~
4 subsection~~[+]~~ (a) shall be distributed in the following
5 priority, with the excess revenues to be deposited into the
6 general fund:

7 (1) ~~[5 cents of the tax on each barrel]~~ \$1,291,000 shall
8 be deposited into the environmental response revolving
9 fund established under section 128D-2;

10 (2) ~~[4 cents of the tax on each barrel]~~ \$3,872,000 shall
11 be deposited into the energy security special fund
12 established under section 201-12.8;

13 (3) ~~[8 cents of the tax on each barrel]~~ \$2,582,000 shall
14 be deposited into the energy systems development
15 special fund established under section 304A-2169.1;

16 ~~[and~~

17 ~~+] (4) [+]~~ ~~[3 cents of the tax on each barrel]~~ \$ _____
18 shall be deposited into the electric vehicle charging
19 system subaccount established pursuant to section 269-
20 33(e) ~~[-]~~;



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1 (5) All taxes paid on gasoline or other aviation fuel sold
 2 for use in or used for airplanes shall be deposited in
 3 the airport revenue fund created by section 248-8; and

4 (6) All taxes paid on gasoline, diesel, or other fuel sold
 5 for use in or used for small boats shall be deposited
 6 in the boating special fund created by section 248-8.

7 ~~[The tax imposed by this subsection shall be paid by the~~
 8 ~~distributor of the petroleum product.~~

9 ~~(b)]~~ (c) In addition to subsection (a), the environmental
 10 response, energy, carbon emissions, and food security tax shall
 11 also be imposed on each one million British thermal units of
 12 fossil fuel sold by a distributor to any retail dealer or end
 13 user, other than a refiner, of fossil fuel. The tax ~~[shall be~~
 14 ~~19 cents]~~ on each one million British thermal units of fossil
 15 fuel~~;~~ provided that of the tax] is set forth in the following
 16 tables:

| <u>Fuel</u> | <u>2023</u> | <u>2024</u> | <u>2025</u> | <u>2026</u> |
|--------------------|---------------|---------------|---------------|---------------|
| <u>Coal (all</u> | | | | |
| <u>forms)</u> | <u>\$1.29</u> | <u>\$3.55</u> | <u>\$5.90</u> | <u>\$6.13</u> |
| <u>Natural gas</u> | | | | |
| <u>(including</u> | | | | |



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| | | | | | |
|----|---------------------|--------------------------------------|---------------|---------------|---------------|
| 1 | <u>liquefied</u> | | | | |
| 2 | <u>natural gas)</u> | <u>\$0.80</u> | <u>\$2.04</u> | <u>\$3.34</u> | <u>\$3.47</u> |
| 3 | | | | | |
| 4 | <u>Fuel</u> | <u>2027</u> | <u>2028</u> | <u>2029</u> | <u>2030</u> |
| 5 | <u>Coal (all</u> | | | | |
| 6 | <u>forms)</u> | <u>\$6.37</u> | <u>\$6.61</u> | <u>\$6.87</u> | <u>\$7.13</u> |
| 7 | <u>Natural gas</u> | | | | |
| 8 | <u>(including</u> | | | | |
| 9 | <u>liquefied</u> | | | | |
| 10 | <u>natural gas)</u> | <u>\$3.60</u> | <u>\$3.73</u> | <u>\$3.87</u> | <u>\$4.02</u> |
| 11 | | | | | |
| 12 | <u>Fuel</u> | <u>2031</u> | <u>2032</u> | <u>2033</u> | <u>2034</u> |
| 13 | <u>Coal (all</u> | | | | |
| 14 | <u>forms)</u> | <u>\$7.39</u> | <u>\$7.67</u> | <u>\$7.95</u> | <u>\$8.24</u> |
| 15 | <u>Natural gas</u> | | | | |
| 16 | <u>(including</u> | | | | |
| 17 | <u>liquefied</u> | | | | |
| 18 | <u>natural gas)</u> | <u>\$4.16</u> | <u>\$4.31</u> | <u>\$4.47</u> | <u>\$4.63</u> |
| 19 | | | | | |
| 20 | <u>Fuel</u> | <u>2035 and each year thereafter</u> | | | |
| 21 | <u>Coal (all</u> | | | | |



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1 forms) \$8.54
 2 Natural gas
 3 (including
 4 liquefied
 5 natural gas) \$4.80

6

7 The tax amount for each year referenced above shall take effect
 8 on January 1 of that year and continue to be applicable until
 9 the effective date of the next tax amount.

10 The tax imposed by this subsection shall be paid by the
 11 distributor of the fossil fuel.

12 (d) Tax revenues collected pursuant to [this]
 13 subsection[+] (c) shall be distributed in the following priority
 14 each fiscal year, with the excess revenues to be deposited into
 15 the general fund:

16 (1) ~~[4.8 per cent of the tax on each one million British~~
 17 ~~thermal units]~~ \$49,000 shall be deposited into the
 18 environmental response revolving fund established
 19 under section 128D-2;

20 (2) ~~[14.3 per cent of the tax on each one million British~~
 21 ~~thermal units]~~ \$147,000 shall be deposited into the



1 energy security special fund established under
2 section 201-12.8; and

3 (3) [~~9.5 per cent of the tax on each one million British~~
4 ~~thermal units~~] \$98,000 shall be deposited into the
5 energy systems development special fund established
6 under section 304A-2169.1.

7 [~~The tax imposed by this subsection shall be paid by the~~
8 ~~distributor of the fossil fuel.~~

9 ~~(e)]~~ (e) The tax imposed under subsection [~~(b)]~~ (c) shall
10 not apply to coal used to fulfill [~~a signed~~] an existing power
11 purchase agreement between an independent power producer and an
12 electric utility that is in effect as of June 30, 2015~~[-]~~;
13 provided that this exemption from taxation shall not apply to
14 any extension of an existing power purchase agreement or to any
15 subsequent power purchase agreement. An independent power
16 producer shall be permitted to pass the tax imposed under
17 subsection [~~(b)]~~ (c) on to an electric utility. In [~~which~~] any
18 case~~[-]~~ in which the tax is passed on, the electric utility may
19 recover the cost of the tax through an appropriate surcharge to
20 the end user that is approved by the public utilities
21 commission.



1 ~~[(d)]~~ (f) A gas utility shall be allowed to recover the
2 cost of the tax imposed under subsection ~~[(b)]~~ (c) as part of
3 its fuel cost in its fuel adjustment charge without further
4 approval by the public utilities commission.

5 ~~[(e)]~~ (g) Each distributor subject to the tax imposed by
6 subsection (a) or ~~[(b)]~~ (c), on or before the last day of each
7 calendar month, shall file, in the form and manner prescribed by
8 the department, a return statement of the tax under this section
9 for which the distributor is liable for the preceding month.

10 The form and payment of the tax shall be transmitted to the
11 department in the form and manner prescribed by the department.

12 ~~[(f)]~~ (h) Notwithstanding section 248-8 to the contrary,
13 the environmental response, energy, carbon emissions, and food
14 security tax collected under this section shall be paid over to
15 the director of finance for deposit as provided in subsection
16 ~~[(a) or (b)]~~ (b) or (d), as the case may be.

17 ~~[(g)]~~ (i) Every distributor shall keep in the State and
18 preserve for five years a record in a form as the department of
19 taxation shall prescribe showing the total number of barrels,
20 and the fractional part of barrels, of petroleum product or the
21 total number of one million British thermal units of fossil



1 fuel, as the case may be, sold by the distributor during any
2 calendar month. The record shall show any other data and
3 figures relevant to the enforcement and administration of this
4 chapter as the department may require.

5 ~~[(h)]~~ (j) For the purposes of this section:

6 "Barrel" may be converted to million British thermal units,
7 using the United States Department of Energy, Energy Information
8 Administration annual energy review or annual energy outlook.

9 "Fossil fuel" means a ~~[hydrocarbon deposit,]~~ fuel, such as
10 coal, natural gas, or liquefied natural gas, derived from a
11 hydrocarbon deposit resulting from the accumulated remains of
12 ancient plants or animals ~~[and used for fuel]~~; provided that the
13 term specifically does not include petroleum product."

14 SECTION 6. Section 304A-2169.1, Hawaii Revised Statutes,
15 is amended by amending subsection (b) to read as follows:

16 "(b) Deposits into the special fund may be from the
17 following:

- 18 (1) Appropriations from the legislature;
- 19 (2) A portion of the environmental response, energy,
20 carbon emissions, and food security tax pursuant to
21 section 243-3.5; and



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1 (3) Investment earnings, gifts, donations, or other income
2 received by the Hawaii natural energy institute."

3 SECTION 7. Statutory material to be repealed is bracketed
4 and stricken. New statutory material is underscored.

5 SECTION 8. This Act shall take effect upon its approval;
6 provided that section 2 shall apply to taxable years beginning
7 after December 31, 2022.

8

INTRODUCED BY: *John Sayers*

JAN 25 2022



H.B. NO. 2278

Report Title:

Environmental Response, Energy, Carbon Emissions, and Food Security Tax; Carbon Emissions; Income Tax Credit

Description:

Establishes a refundable income tax credit to mitigate the effect of a carbon emissions tax on taxpayers. Amends the environmental response, energy, and food security tax to address carbon emissions.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

