

JAN 25 2023

A BILL FOR AN ACT

RELATING TO CLIMATE CHANGE.

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

1 SECTION 1. The legislature finds that Hawaii is
2 experiencing a climate emergency. Climate change impacts are
3 being felt statewide and have long-term threats to the State's
4 economy, sustainability, environment, security, culture, and way
5 of life. Successful mitigation and adaptation of climate change
6 requires both comprehensive study and action to address the
7 impacts of climate change.

8 The 2017 Hawai'i Sea Level Rise Vulnerability and Adaptation
9 Report estimated the lost value of flooded structures and land
10 at over \$19 billion. The legislature finds that Hawaii needs to
11 invest in climate action now to address these and other costs of
12 climate change as soon as possible. Climate change action may
13 include looking at the resiliency of the power grid, renewable
14 energy resources, sustainable transportation systems, land use
15 planning, sea level rise, health, natural and cultural
16 resources, sustainable tourism, hazard vulnerability and
17 mitigation, social vulnerability, economic resilience, and

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1 climate equity and justice. The breadth of the impact of
2 climate change is such that comprehensive and coordinated
3 efforts need to be undertaken.

4 The purposes of this Act are to establish the climate
5 impact special fund and to appropriate funds to address the
6 impacts of climate change and mitigate further impacts on the
7 State through education, carbon sequestration, and resiliency
8 planning and implementation.

9 SECTION 2. Chapter 225P, Hawaii Revised Statutes, is
10 amended by adding a new section to be appropriately designated
11 and to read as follows:

12 "§225P- Climate impact special fund. (a) There is
13 established in the state treasury the climate impact special
14 fund, to be administered by the commission, into which shall be
15 deposited:

- 16 (1) Appropriations made by the legislature to the fund;
17 (2) Fees collected under this chapter or any rule adopted
18 thereunder;
19 (3) Grants provided by governmental agencies or any other
20 source;
21 (4) Donations made by private individuals or organizations
22 for deposit into the fund; and

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1 (5) Earnings on moneys in the fund.

2 (b) Moneys in the climate impact special fund shall
3 be used for:

4 (1) The operations of the Hawaii climate change mitigation
5 and adaptation commission; and

6 (2) Activities carried out by the State to address the
7 impact, mitigation, and adaptation of climate change,
8 including but not limited to nature-based solutions;
9 climate smart agriculture; vehicle miles traveled
10 reduction; sea level rise modeling, mapping, planning,
11 adaption, and mitigation; managed retreat; carbon
12 sequestration technologies; electrification of homes,
13 vehicles, and appliances; clean renewable energy
14 technologies; climate change education and outreach;
15 and other activities deemed appropriate by the
16 commission.

17 (c) The commission may transfer moneys to other state
18 departments and agencies to carry out the purposes of the
19 commission.

20 (d) The commission shall submit an annual report to the
21 legislature no later than twenty days prior to the convening of
22 each regular session on the sources of moneys deposited into the

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1 climate impact special fund and expenditures of moneys in the
2 special fund."

3 SECTION 3. Section 243-3.5, Hawaii Revised Statutes, is
4 amended by amending subsection (a) to read as follows:

5 "(a) In addition to any other taxes provided by law,
6 subject to the exemptions set forth in section 243-7, there is
7 hereby imposed a state environmental response, energy, and food
8 security tax on each barrel or fractional part of a barrel of
9 petroleum product sold by a distributor to any retail dealer or
10 end user of petroleum product, other than a refiner. The tax
11 shall be \$1.05 on each barrel or fractional part of a barrel of
12 petroleum product that is not aviation fuel; provided that of
13 the tax collected pursuant to this subsection:

14 (1) 5 cents of the tax on each barrel shall be deposited
15 into the environmental response revolving fund
16 established under section 128D-2;

17 (2) 4 cents of the tax on each barrel shall be deposited
18 into the energy security special fund established
19 under section 201-12.8;

20 (3) 5 cents of the tax on each barrel shall be deposited
21 into the energy systems development special fund
22 established under section 304A-2169.1;

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- 1 (4) 3 cents of the tax on each barrel shall be deposited
2 into the electric vehicle charging system subaccount
3 established pursuant to section 269-33(e); [~~and~~]
4 (5) 3 cents of the tax on each barrel shall be deposited
5 into the hydrogen fueling system subaccount
6 established pursuant to section 269-33(f) [~~-~~]; and
7 (6) 5 cents of the tax on each barrel shall be deposited
8 into the climate impact special fund established
9 pursuant to section 225P- .

10 The tax imposed by this subsection shall be paid by the
11 distributor of the petroleum product."

12 SECTION 4. There is appropriated out of the general
13 revenues of the State of Hawaii the sum of \$100,000,000 or so
14 much thereof as may be necessary for fiscal year 2023-2024 to be
15 deposited into the climate impact special fund.

16 SECTION 5. There is appropriated out of the climate impact
17 special fund the sum of \$80,000,000 or so much thereof as may be
18 necessary for fiscal year 2023-2024 for the purposes of carrying
19 out the operations of the Hawaii climate change mitigation and
20 adaptation commission.

21 The sum appropriated shall be expended by the department of
22 land and natural resources for the purposes of this Act.

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1 SECTION 6. There is appropriated out of the climate impact
2 special fund, the sum of \$20,000,000 or so much thereof as may
3 be necessary for fiscal year 2023-2024 to transfer moneys to the
4 sea level rise voluntary relocation fund to carry out the
5 purposes of the Hawaii climate change mitigation and adaptation
6 commission.

7 The sum appropriated shall be expended by the department of
8 land and natural resources for the purposes of this Act.

9 SECTION 7. Statutory material to be repealed is bracketed
10 and stricken. New statutory material is underscored.

11 SECTION 8. This Act, upon its approval, shall take effect
12 on July 1, 2023.

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INTRODUCED BY: 

15

BY REQUEST

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Report Title:

Climate Change; Appropriation

Description:

Establishes the Climate Impact Special Fund, allocates five cents from the Environmental Response, Energy, and Food Security Tax to the Climate Impact Special Fund, and appropriates funds to the Hawaii Climate Change Mitigation and Adaptation Commission to address impacts of climate change and to mitigate further impacts on the State through carbon sequestration and resiliency planning, allocates funds to the sea level rise voluntary relocation fund.

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

JUSTIFICATION SHEET

DEPARTMENT: Governor

TITLE: A BILL FOR AN ACT RELATING TO CLIMATE CHANGE.

PURPOSE: To establish the Climate Impact Special Fund; to allocate five cents from the Environmental Response, Energy, and Food Security Tax to the Climate Impact Special Fund; to appropriate funds to the sea level rise voluntary relocation fund; and to appropriate funds to the Hawaii Climate Change Mitigation and Adaptation Commission to address all impacts of climate change and to mitigate further impacts on the State through education, carbon sequestration, and resiliency planning.

MEANS: Add a new section to chapter 225P, Hawaii Revised Statutes (HRS), amend section 243-3.5(a), HRS, and appropriate funds.

JUSTIFICATION: In April 2021, the Hawaii State Legislature declared a climate emergency. Climate change impacts are being felt statewide and have long-term threats to the State's economy, sustainability, environment, security, culture, and way of life.

Climate change is an urgent issue for everyone in Hawaii. Successful mitigation and adaptation require both comprehensive education and action to address the impacts of climate change. Hawaii plays an important role in raising ambition and must continue to lead by addressing its vulnerabilities and adaptation to climate change.

The cost of inaction on climate change in Hawaii is in the billions. Significant investment in climate impacts and climate mitigation is needed to support communities and critical infrastructure out of the path

of rising seas, keep communities cool as temperatures rise, protect communities as fire risk increases with long spells of drought, install green scaping to manage increasing flooding events and many more critical solutions.

Climate change action includes looking at rise, health, natural and cultural the resiliency of the power grid, renewable energy resources, sustainable transportation systems, land use planning, addressing sea level resource impacts, sustainable tourism, hazard vulnerability and mitigation, social vulnerability, economic resilience and climate equity, and justice. The breath of the impact of climate change is such that comprehensive and coordinated efforts need to be undertaken.

The establishment of a special fund along with an appropriation of \$100,000,000 would demonstrate the commitment Hawaii has to addressing climate change. Such a fund may attract private investors to make similar pledges and can be used for match in the billions of dollars available in federal funding through the Bipartisan Infrastructure Bill and the Inflation Reduction Act. Lack of matching funds has been cited by many state agencies as the reason for not pursuing federal funding. This fund could have significant impact on the State's ability to bring in federal dollars.

The addition of \$.05 of the tax on each barrel levied by the Environmental Response, Energy, and Food Security Tax (aka Barrel Tax) will assist in the perpetuation of the fund. The fund set up initially to address environmental response, energy, and food security, largely goes into the General Fund. Allocating \$.05 to the Climate Impact Fund will mean more of the tax is distributed according to its intended purpose.

The allocation of \$20,000,000 to the sea level rise voluntary relocation fund will allow immediate action on the most urgent threats to communities being impacted by sea level rise. The allocation would make managed retreat a viable option for improving community resilience and conserving beaches and coastal ecosystems.

Impact on the public: Funding would go towards addressing long-term threats to the State's economy, sustainability, environment, security, culture, and way of life, impacted by climate change.

Impact on the department and other agencies: This bill would continue the State's efforts for Hawaii's green initiative and further the State's commitment to combat climate change.

GENERAL FUND: \$100,000,000.

OTHER FUNDS: None.

PPBS PROGRAM
DESIGNATION: LNR 101.

OTHER AFFECTED
AGENCIES: Office of Planning and Sustainable Development, Hawaii Department of Transportation, Department of Health, Department of Education, Office of Hawaiian Affairs, Department of Hawaiian Homes Lands, Hawaii Tourism Authority, Department of Business, Economic and Tourism, Department of Agriculture, Office of the Adjunct General, City and County of Honolulu, County of Maui, County of Hawaii, County of Kauai.

EFFECTIVE DATE: July 1, 2023.