

STAND. COM. REP. NO.

747

Honolulu, Hawaii

FEB 17, 2023

RE: H.B. No. 389  
H.D. 2

Honorable Scott K. Saiki  
Speaker, House of Representatives  
Thirty-Second State Legislature  
Regular Session of 2023  
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 389, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to establish a carbon sequestration income tax credit for the capture and disposal of qualified carbon oxides.

Your Committee received testimony in support of this measure from the Hawai'i Climate Change Mitigation and Adaptation Commission and one individual. Your Committee received testimony in opposition to this measure from two individuals. Your Committee received comments on this measure from the Department of Health and Department of Taxation.

Your Committee finds that the State has declared there to be a climate emergency. The State has established several goals in order to mitigate the effects of climate change, including the establishment of a renewable portfolio standard, zero emissions clean economy target, and clean ground transportation goal. However, additional efforts are needed to incentivize projects that will further mitigate the effects of climate change. This measure incentivizes the development of projects that will sequester carbon oxides from the atmosphere.

2023-1795 HB389 HD2 HSCR HMSO



Your Committee notes that if this measure is enacted by the Legislature, the Department of Health will need to adopt administrative rules to certify the metric tons. Furthermore, the Department of Health should adopt rules that will allow the operations of these projects while protecting the State's water sources.

Your Committee has amended this measure by 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 Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 389, H.D. 1, as amended herein, and recommends that it be referred to your Committee on Finance in the form attached hereto as H.B. No. 389, H.D. 2.

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

  
MARK M. NAKASHIMA, Chair



*HSR 747*

**Record of Votes of the Committee on Consumer Protection & Commerce**

<b>Bill/Resolution No.:</b> <i>HB 3089 HD1</i>	<b>Committee Referral:</b> <i>EEP, CPC, FIN</i>	<b>Date:</b> <i>02-16-23</i>		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
<b>The recommendation is to:</b> <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)				
CPC Members	Ayes	Ayes (WR)	Nays	Excused
1. NAKASHIMA, Mark M. (C)	/			
2. SAYAMA, Jackson D. (VC)	/			
3. AMATO, Terez	/			
4. BELATTI, Della Au	/			
5. HASHEM, Mark J.	/			
6. HUSSEY-BURDICK, Natalia	/			
7. GATES, Cedric Asuega				/
8. LOWEN, Nicole E.	/			
9. ONISHI, Richard H.K.	/			
10. TAM, Adrian K.	/			
11. PIERICK, Elijah	/			
<b>TOTAL (11)</b>	<i>10</i>			<i>1</i>
<b>The recommendation is:</b> <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <small style="margin-left: 100px;">committee acronym(s)</small>				
<b>Vice Chair's or designee's signature:</b> <i>Jacob Ryan</i>				
<b>Distribution:</b> Original (White) – Committee      Duplicate (Yellow) – Chief Clerk's Office      Duplicate (Pink) – HMSO				