
A BILL FOR AN ACT

RELATING TO CARBON EMISSIONS REDUCTION.

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

1 SECTION 1. The legislature finds that the human-induced
2 global climate crisis requires thoughtful but bold responses on
3 multiple fronts to make Hawaii's communities resilient to the
4 impacts of storms, floods, fire, and sea-level rise that
5 threaten the very survivability of these fragile islands.

6 Hawaii has historically played a critical leadership role
7 in protecting the environment. The legislature passed the
8 nation's first one hundred per cent renewable electricity
9 requirement and adopted a statewide carbon neutrality goal.
10 Hawaii was also the first state to commit to the goals of the
11 2015 Paris Climate Agreement and enact laws to protect its coral
12 reefs from dangerous chemicals commonly found in sunscreen
13 lotions.

14 Hawaii's one hundred per cent renewable electricity mandate
15 has been emulated by other states and territories, demonstrating
16 that Hawaii's actions on climate change can in turn influence
17 actions beyond the islands' shores. The legislature has



1 embraced the concept of "aloha 'āina" by seeking to decarbonize
2 Hawaii's food, energy, and transportation systems and to
3 sequester carbon through agricultural, waste management, and
4 ecosystem restoration systems.

5 The legislature also finds that Hawaii is nearly completely
6 dependent on imported petroleum for its ground transportation
7 needs. Hawaii drivers spend nearly \$2,000,000,000 annually on
8 gasoline and diesel for their cars and trucks, and the
9 combustion of that fuel releases approximately eleven billion
10 pounds of climate-changing carbon dioxide into the atmosphere
11 each year. While carbon emissions from Hawaii's electricity
12 sector have decreased over the past decade, carbon emissions
13 from Hawaii's ground transportation sector have increased by ten
14 per cent. Drivers in Hawaii are increasingly choosing larger,
15 heavier vehicles, which are often less fuel efficient.
16 According to the Hawaii Auto Dealers Association, pickup trucks
17 and sport utility vehicles accounted for 67.9 per cent of Hawaii
18 vehicle sales in 2018, a sharp increase from 48.7 per cent in
19 2012. Existing laws have not been effective in substantially
20 reducing carbon emissions from Hawaii's ground transportation
21 sector.



1 The legislature further finds that:

2 (1) Financial incentives can encourage automobile buyers
3 to purchase cleaner vehicles and encourage
4 manufacturers to offer Hawaii consumers more choices
5 in clean electric vehicles;

6 (2) The creation of a clean vehicle incentive program is a
7 market-based mechanism to reduce carbon emissions from
8 motor vehicles that does not require any new vehicle
9 emissions regulatory standards;

10 (3) One-time rebates on the purchase of new electric
11 vehicles, which contribute far less carbon pollution
12 than traditional fossil fuel powered vehicles, are a
13 reasonable and appropriate method to incentivize the
14 purchase of electric vehicles; and

15 (4) One-time taxes on the purchase of new motor vehicles
16 that emit high amounts of carbon are a reasonable and
17 appropriate method to disincentivize the purchase of
18 these vehicles.

19 This Act therefore proposes a program that would impose an
20 additional tax on vehicles powered solely by gasoline with low
21 fuel economy and provide a rebate on certain eligible electric



1 vehicles. The program is intended to be self-financing and to
2 neither increase expenditures from nor reduce revenues into the
3 general fund.

4 The purpose of this Act is to establish a market-based
5 clean vehicle incentive program consisting of one-time rebates
6 and one-time taxes on the purchase of new motor vehicles to
7 mitigate vehicle carbon emissions.

8 SECTION 2. Chapter 196, Hawaii Revised Statutes, is
9 amended by adding a new section to be appropriately designated
10 and to read as follows:

11 "§196- Clean vehicle special fund. (a) There is
12 established a clean vehicle special fund, into which shall be
13 deposited:

- 14 (1) The gasoline-powered vehicle tax collected under
15 section 237- ;
16 (2) Moneys appropriated to the fund by the legislature;
17 and
18 (3) Interest earnings on all amounts in the clean vehicle
19 special fund.

20 The clean vehicle special fund shall not be subject to
21 section 37-53.



1 (b) Moneys in the clean vehicle special fund shall be used
2 by the department of business, economic development, and tourism
3 to provide rebates on new electric vehicles that have a
4 published manufacturer's suggested retail price at the time of
5 sale, as set by a vehicle's manufacturer, of \$40,000 or less."

6 SECTION 3. Chapter 237, Hawaii Revised Statutes, is
7 amended by adding a new section to be appropriately designated
8 and to read as follows:

9 "§237- Gasoline-powered vehicle tax. (a) In addition
10 to the tax levied in section 237-13(2) (A), there shall be an
11 additional tax levied on the gross proceeds of the sale of a
12 passenger car or pickup truck that is powered solely by gasoline
13 and that has a published manufacturer's suggested retail price
14 of \$50,000 or more, as follows:

15 (1) Three per cent if the vehicle obtains less than twenty
16 miles per gallon based on federal Environmental
17 Protection Agency combined ratings;

18 (2) Two per cent if the vehicle obtains at least twenty
19 but not more than twenty-four miles per gallon based
20 on federal Environmental Protection Agency combined
21 ratings; and



1 (3) One per cent if the vehicle obtains more than twenty-
2 four but not more than twenty-nine miles per gallon
3 based on federal Environmental Protection Agency
4 combined ratings;
5 provided that this section shall not apply to a passenger car or
6 pickup truck that is used solely for commercial or agricultural
7 purposes.
8 (b) The tax shall be collected and deposited into the
9 clean vehicle special fund established under section 196- .
10 (c) The department of business, economic development, and
11 tourism shall adopt rules pursuant to chapter 91 to effectuate
12 the purposes of this section. The rules shall include criteria
13 to determine whether a vehicle is used solely for commercial or
14 agricultural purposes and is therefore exempt from this section
15 pursuant to subsection (a).
16 (d) For purposes of this section:
17 "Electric vehicle" has the same meaning as in
18 section 196-2.
19 "Manufacturer's suggested retail price" means the published
20 manufacturer's suggested retail price, as set by a vehicle's
21 manufacturer, at the time of sale.



1 "Passenger car" has the same meaning as in section 286-2.

2 "Pickup truck" has the same meaning as in

3 section 291-14(e)."

4 SECTION 4. The chief energy officer of the Hawaii state
5 energy office shall develop and implement a plan by December 31,
6 2024, to distribute the proceeds from the clean vehicle special
7 fund to support the purchase of electric vehicles pursuant to
8 section 196- , Hawaii Revised Statutes.

9 SECTION 5. New statutory material is underscored.

10 SECTION 6. This Act shall take effect on July 1, 2024.

11

INTRODUCED BY:



JAN 24 2024



H.B. NO. 2688

Report Title:

Carbon Emissions Reduction; Clean Vehicle Special Fund;
Gasoline-powered Vehicle Tax; Rebate

Description:

Establishes a clean vehicle special fund to incentivize the purchase of vehicles that produce less carbon emissions by providing a rebate. Creates a gasoline-powered vehicle tax, graduated based on fuel efficiency, to be paid by purchasers of certain passenger cars and pickup trucks that are powered solely by gasoline.

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