Honolulu, Hawaii

, 2023

FEB 09

STAND. COM. REP. NO.

RE: H.B. No. 1146 H.D. 1

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

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Sir:

Your Committee on Energy & Environmental Protection, to which was referred H.B. No. 1146 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Establish a Carbon Emissions Tax Credit;
- (2) Expand the Environmental Response, Energy, and Food Security Tax to include carbon emissions; and
- (3) Require the Office of Planning and Sustainable Development, in consultation with the Department of Taxation, to recommend updates to the tax per fuel and corresponding tax credits.

Your Committee received testimony in support of this measure from the Hawai'i Climate Change Mitigation and Adaptation Commission; Small Biz; Pacific Biodiesel Technologies; Cynthia Conrad Design; Kaua'i Climate Action Coalition; Kauai Women's Caucus; Americans for Democratic Action Hawai'i; Ulupono Initiative; Citizens' Climate Lobby Hawaii; Carbon Cashback Task Force; Youth Action Team of the Hawai'i Citizens' Climate Lobby; Chamber of Sustainable Commerce; Imua Alliance; The Nature

Conservancy - Hawai'i and Palmyra; Maui Tomorrow Foundation, Inc.; Restore the Commons; and numerous individuals. Your Committee received testimony in opposition to this measure from the Hawaii Transportation Association, Life of the Land, and numerous individuals. Your Committee received comments on this measure from the Department of the Attorney General, Department of Health, Department of Taxation, Office of Planning and Sustainable Development, Grassroot Institute of Hawaii, and Tax Foundation of Hawaii.

Your Committee finds that assessing a tax on producers and importers of fossil fuels has been successful in countries around the world in reducing the consumption of fossil fuels. The effect of the tax, which is commonly known as a carbon price or carbon tax, has been to reduce the emission of greenhouse gases, leading to a more sustainable environment and reducing local air pollution. This measure would set a carbon tax on fossil fuels in the State and return an equivalent amount of the revenue generated by the carbon tax, less administrative costs, to Hawaii taxpayers in the form of a refundable tax credit or cash payment.

Your Committee has amended this measure by:

- (1) Specifying that a "qualified taxpayer" means a taxpayer who files an individual income tax return, rather than a resident taxpayer who files an individual income tax return;
- (2) Changing the effective date to June 30, 3000, to encourage further discussion; and
- (3) 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 Energy & Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1146, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1146, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.

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Respectfully submitted on behalf of the members of the Committee on Energy & Environmental Protection,

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NICOLE E. LOWEN, Chair

## State of Hawaii House of Representatives The Thirty-second Legislature

HSCR 233

## Record of Votes of the Committee on Energy & Environmental Protection

Bill/Resolution No.: HBIIԿሬ	Committee Referral: EEP, CPC, FIN	Date: 02 /	7 120	23
☐ The committee is reconsidering its previous decision on the measure.				
	unamended (as is) Pass, hort form bill with HD to recomm	with amendments (HD)  nit for future public hea		
EEP Members	Ayes	Ayes (WR)	Nays I	Excused
1. LOWEN, Nicole E. (C)				
<u> </u>				
2. COCHRAN, Elle (VC)	V/			
2 CATES Code Agree				
3. GATES, Cedric Asuega				
4. KAHALOA, Kirstin		Salara and Andrews and Angres and		
5. PERRUSO, Amy A.		and the state of t		
6. WOODSON, Justin H.				<b>V</b>
7. WARD, Gene			V	
TOTAL (7)	5	0		
The recommendation is:  Adopted  If joint referral,  committee foronym(s)  Not Adopted  did not support recommendation.				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				