STAND. COM. REP. NO.

Honolulu, Hawaii **FEB 0 2** , 2023 RE: H.B. No. 389

н.в. No. 389 Н.D. 1

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

Sir:

Your Committee on Energy & Environmental Protection, to which was referred H.B. No. 389 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

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begs leave to report as follows:

The purpose of this measure is to establish a carbon sequestration income tax credit.

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

Your Committee finds that the State needs to reduce its contribution to climate change, increase local food production, improve soil health, and secure resilient water sources. Incentivizing nature-based actions that improve soil health and sequester carbon will provide rich, diverse co-benefits to the State, such as restoring, maintaining, and improving landscape soil health and water security. Through the establishment of a carbon sequestration tax credit, this measure would increase the State's food and water security, while also helping Hawaii reach its climate readiness goals.



STAND. COM. REP. NO. 6

Your Committee has amended this measure by:

- (1) Changing the effective date to July 1, 3000, to encourage further discussion; and
- (2) Making a technical, nonsubstantive amendment 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. 389, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 389, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.

> 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

HSCRG

Record of Votes of the Committee on Energy & Environmental Protection

Bill/Resolution No.: HB 389	Committee Referral: EEP, CPC , FIN	Date:	1312	3
The committee is reconsidering its previous decision on the measure.				
The recommendation is to:				
EEP Members	Ayes	Ayes (WR)	Nays	Excused
1. LOWEN, Nicole E. (C)				
2. COCHRAN, Elle (VC)	V			
3. GATES, Cedric Asuega				
4. KAHALOA, Kirstin				
- KAHADOA, KIISuu		ا ا ا		
5. PERRUSO, Amy A.			t Bard (an Carlos an	
6. WOODSON, Justin H.	V /			
	and the second		an a	n an Anna an Anna an Anna Marainn an Anna an Anna
7. WARD, Gene				
/				
TOTAL (7)	7	0	0	0
The recommendation is: Adopted If joint referral, did not support recommendation.				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				