

JAN 17 2025

A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 PART I

2 SECTION 1. The goal of this Act is to reduce Hawaii's
3 greenhouse gas emissions in furtherance of the State's zero
4 emissions clean economy target established in Act 15, Session
5 Laws of Hawaii 2018, and to provide financial relief in a
6 progressive manner to the residents of the State. To achieve
7 this goal, this Act establishes a carbon cashback program that
8 utilizes:

9 (1) The environmental response, energy, and food security
10 tax to reduce greenhouse gas emissions; and

11 (2) Refundable tax credits to mitigate the effect of the
12 tax on taxpayers making up to approximately eighty per
13 cent of the area median income.

14 One of the tools available for reducing greenhouse gas
15 emissions is to tax fossil fuels. When the tax is sufficient,
16 it has been proven to be effective in substantially reducing
17 consumption. Hawaii has a thirty-year history of assessing a



1 tax on fossil fuel distributors for fossil fuel distribution in
2 the State. However, the existing tax rate is not designed to
3 reduce consumption, but rather to generate funding to mitigate
4 some of the risks and adverse impacts of fossil fuel use and
5 climate change. This Act raises the tax in increments,
6 gradually increasing its effect in reducing the consumption of
7 fossil fuels.

8 The environmental response tax was established by Act 300,
9 Session Laws of Hawaii 1993. Initially, the tax rate for
10 petroleum products was five cents per barrel. The tax revenue
11 was used to:

- 12 (1) Prevent, remove, and remediate oil spills;
- 13 (2) Support oil recycling programs; and
- 14 (3) Address concerns related to underground storage tanks.

15 Later, Act 73, Session Laws of Hawaii 2010, increased the tax to
16 \$1.05 per barrel and renamed the tax the environmental response,
17 energy, and food security tax. Act 73 also expanded the purpose
18 of the tax by funding activities that mitigate the adverse
19 impacts of climate change.

20 The legislature finds that a policy that taxes fossil fuels
21 based on their emissions, often called a carbon tax, and returns



1 to people the revenues, commonly known as dividends, has
2 received broad support from economists. More than three
3 thousand six hundred economists have signed a statement
4 endorsing the carbon tax and dividend concept, including twenty
5 eight Nobel Laureate economists, four former Chairs of the
6 Federal Reserve, and fifteen former Chairs of the Council of
7 Economic Advisors. The statement reads, in part, "[a] carbon
8 tax offers the most cost-effective lever to reduce carbon
9 emissions at the scale and speed that is necessary." The
10 statement goes on to say that the carbon tax should be increased
11 until emission reduction goals are met.

12 In accordance with Act 122, Session Laws of Hawaii 2019,
13 the state energy office commissioned "a study of carbon pricing,
14 including whether and how a carbon pricing policy shall be
15 implemented in Hawaii". In April 2021, the University of Hawaii
16 Economic Research Organization (UHERO) completed the study in
17 April 2021, entitled, "Carbon Pricing Assessment for Hawaii:
18 Economic and Greenhouse Gas Impacts". The study concluded that
19 a carbon tax and dividend policy would substantially reduce the
20 consumption of fossil fuels, and most of Hawaii's households



1 would receive a net financial benefit, with lower-income
2 households gaining the most.

3 This Act expands the purpose of the environmental response,
4 energy, and food security tax in order to effectively reduce
5 greenhouse gas emissions, and renames the tax as the
6 environmental response, energy, carbon emissions, and food
7 security tax. The increase in the tax under this Act is
8 informally referred herein as the "carbon emissions tax" for
9 descriptive purposes and to distinguish it from the existing tax
10 rate. The carbon emissions tax rates are derived from the low
11 tax scenario considered in the UHERO study, updated for
12 inflation. The tax rates in the UHERO study, which are
13 expressed in dollars per metric ton of carbon dioxide
14 equivalent, are converted to the units used in the environmental
15 response, energy, carbon emissions, and food security tax, which
16 are dollars per barrel for petroleum products and dollars per
17 million British thermal units for other types of fossil fuels,
18 such as natural gas. The carbon dioxide equivalent factors for
19 petroleum and non-petroleum fossil fuels include the emissions
20 of carbon dioxide, methane, and nitrous oxide. These emission
21 factors are taken from the United States Environmental



1 Protection Agency's Emission Factors for Greenhouse Gas
2 Inventories (modified April 1, 2021).

3 The progression of the increase in the carbon emissions tax
4 differs from that which is considered in the UHERO study by
5 starting lower in the initial year to avoid a sudden large
6 increase in prices, then increasing until the tenth year of
7 implementation, when it approximates the rate considered in the
8 UHERO study at that point. From that year forward, the annual
9 increase in the tax only accounts for expected inflation. Each
10 year, taxpayers of the State earning up to approximately eighty
11 per cent of the area median income will receive refundable tax
12 credits to offset the expected carbon emissions tax. The tax
13 credit is intended to reduce the impact of the tax on
14 lower-income taxpayers who will experience most severely the
15 impact of climate change and the credit will commence one year
16 prior to the tax. Part of the tax will be used to administer
17 the program, including a public awareness campaign.

18 This Act also reenacts the agricultural development and
19 food security special fund, which was repealed in 2021. At that
20 time, the State found itself in a budget crisis due to a
21 reduction in the general fund, as a result of the coronavirus



1 disease 2019 (COVID-19) pandemic. Moneys from the repealed
2 agricultural development and food security special fund were
3 used to fortify the general fund. The legislature finds that
4 the State is now in a more stable financial condition. The
5 legislature further finds that agriculture and food security are
6 just as critical to Hawaii's future as ever, and for those
7 reasons the special fund is reenacted.

8 Accordingly, the purpose of this Act is to:

- 9 (1) Address carbon emissions by taxing fossil fuels based
10 on their emissions by amending the environmental
11 response, energy, and food security tax;
- 12 (2) Establish a refundable tax credit to mitigate the
13 effect of the tax on carbon emissions for Hawaii's
14 lower-income taxpayers;
- 15 (3) Establish and appropriate moneys into the carbon
16 emissions tax and dividend special fund; and
- 17 (4) Reenact the agricultural development and food security
18 special fund.



1 PART II

2 SECTION 2. Chapter 141, Hawaii Revised Statutes, is
3 amended by adding a new section to be appropriately designated
4 and to read as follows:

5 "§141- Agricultural development and food security
6 special fund; establishment. (a) There is established within
7 the state treasury the agricultural development and food
8 security special fund.

9 (b) The following moneys shall be deposited into the
10 special fund:

11 (1) The portion of the environmental response, energy,
12 carbon emissions, and food security tax specified
13 under section 243-3.5;

14 (2) Any appropriation by the legislature into the special
15 fund;

16 (3) Any grant or donation made to the special fund; and

17 (4) Any interest earned on the balance of the special
18 fund.

19 (c) Subject to legislative appropriation, moneys in the
20 special fund may be expended for the following purposes:



- 1 (1) The awarding of grants to farmers for agricultural
- 2 production or processing activity;
- 3 (2) The acquisition of real property for agricultural
- 4 production or processing activity;
- 5 (3) The improvement of real property, irrigation systems,
- 6 and transportation networks necessary to promote
- 7 agricultural production or processing activity;
- 8 (4) The purchase of equipment necessary for agricultural
- 9 production or processing activity;
- 10 (5) The conduct of research on and testing of agricultural
- 11 products and markets;
- 12 (6) The funding of agricultural inspector positions within
- 13 the department of agriculture;
- 14 (7) The promotion and marketing of agricultural products
- 15 grown or raised in the State; and
- 16 (8) Any other activity that is intended to increase
- 17 agricultural production or processing and that may
- 18 lead to reduced importation of food, fodder, or feed
- 19 from outside the State.
- 20 (d) No later than twenty days prior to the convening of
- 21 each regular session, the department of agriculture shall submit



1 a report to the legislature on the status and progress of
2 existing programs and activities and the status of new programs
3 and activities funded under the agricultural development and
4 food security special fund. The report shall also include:

5 (1) The spending plan of the agricultural development and
6 food security special fund;

7 (2) All expenditures of agricultural development and food
8 security special fund moneys;

9 (3) The targeted markets of the expenditures, including
10 reasons for selecting those markets;

11 (4) The persons to be served using the expenditures; and

12 (5) The specific objectives of the expenditures, including
13 measurable outcomes."

14 SECTION 3. Chapter 231, Hawaii Revised Statutes, is
15 amended by adding a new section to be appropriately designated
16 and to read as follows:

17 **"§231- _____ Carbon emissions tax and dividend special fund.**

18 (a) There is established the carbon emissions tax and dividend
19 special fund, into which shall be deposited the amount specified
20 by section 243-3.5.



1 (b) Moneys in the carbon emissions tax and dividend
2 special fund shall be administered by the department of taxation
3 and shall be expended for salaries, contracted services,
4 supplies, and other administrative expenses to:

5 (1) Administer the environmental response, energy, carbon
6 emissions, and food security tax;

7 (2) Administer the refundable tax credits established by
8 section 235- ; and

9 (3) Increase public awareness and interest in the
10 refundable tax credits established by
11 section 235- ."

12 SECTION 4. Chapter 235, Hawaii Revised Statutes, is
13 amended by adding a new section to part III to be appropriately
14 designated and to read as follows:

15 "§235- Carbon cashback tax credit. (a) There shall be
16 allowed to each qualifying taxpayer subject to the tax imposed
17 under this chapter, a carbon cashback tax credit that shall be
18 applied against the taxpayer's net income tax liability, if any,
19 imposed by this chapter for the taxable year in which the credit
20 is properly claimed.



1 (b) The amount of the tax credit shall be determined as
2 follows:

3 (1) For taxpayers filing as single, the applicable tax
4 credit is determined by which bracket in the following
5 table a taxpayer's gross annual household income falls
6 within:

8	<u>Gross Annual Household Income</u>	<u>Credit Amount</u>
9	<u>\$80,000 or less but</u>	
10	<u>more than \$70,000</u>	<u>\$50</u>
11		
12	<u>\$70,000 or less but</u>	
13	<u>more than \$60,000</u>	<u>\$100</u>
14		
15	<u>\$60,000 or less but</u>	
16	<u>more than \$50,000</u>	<u>\$150</u>
17		
18	<u>\$50,000 or less but</u>	
19	<u>more than \$40,000</u>	<u>\$200</u>

20



1	<u>\$40,000 or less but</u>	
2	<u>more than \$30,000</u>	<u>\$250</u>
3		
4	<u>\$30,000 or less but</u>	
5	<u>more than \$20,000</u>	<u>\$300</u>
6		
7	<u>\$20,000 or less</u>	<u>\$350.</u>

8

9 (2) For taxpayers filing as head of household, married but
10 filing separately, or married filing jointly, the
11 applicable tax credit is determined by which bracket
12 in the following table a taxpayer's gross annual
13 household income falls within:

14	<u>Gross Annual Household Income</u>	<u>Credit Amount</u>
15	<u>\$100,000 or less, but</u>	
16	<u>more than \$90,000</u>	<u>\$100</u>
17		
18	<u>\$90,000 or less, but</u>	
19	<u>more than \$75,000</u>	<u>\$125</u>
20		
21		



1	<u>\$75,000 or less, but</u>	
2	<u>more than \$60,000</u>	<u>\$200</u>
3		
4	<u>\$60,000 or less, but</u>	
5	<u>more than \$40,000</u>	<u>\$300</u>
6		
7	<u>\$40,000 or less, but</u>	
8	<u>more than \$30,000</u>	<u>\$400</u>
9		
10	<u>\$30,000 or less, but</u>	
11	<u>more than \$20,000</u>	<u>\$500</u>
12		
13	<u>\$20,000 or less</u>	<u>\$600.</u>

14 (c) If the tax credit claimed by the taxpayer under this
 15 section exceeds the amount of the income tax payments due from
 16 the taxpayer, the excess of credit over payments due shall be
 17 refunded to the taxpayer; provided that the tax credit properly
 18 claimed by a taxpayer who has no income tax liability shall be
 19 paid to the taxpayer; and provided further that no refunds or
 20 payments on account of the tax credit allowed by this section
 21 shall be made for amounts less than \$1.



1 All claims for the tax credit under this section, including
2 amended claims, shall be filed on or before the end of the
3 twelfth month following the close of the taxable year for which
4 the credit may be claimed. Failure to comply with the foregoing
5 provision shall constitute a waiver of the right to claim the
6 credit.

7 (d) The director of taxation:

8 (1) Shall prepare any forms that may be necessary to claim
9 a tax credit under this section;

10 (2) May require the taxpayer to furnish reasonable
11 information to ascertain the validity of the claim for
12 the tax credit made under this section; and

13 (3) May adopt rules under chapter 91 necessary to
14 effectuate the purposes of this section.

15 (e) All of the provisions relating to assessments and
16 refunds under this chapter and under section 231-23(c)(1) shall
17 apply to the tax credit under this section.

18 (f) As used in this section, "qualifying taxpayer" means a
19 person subject to the taxes imposed by this chapter who meets
20 the following criteria:



- 1 (1) The taxpayer files an individual income tax return,
- 2 whether as a single taxpayer, a head of household, a
- 3 married individual filing a separate return, a married
- 4 couple filing a joint return, or a surviving spouse;
- 5 and
- 6 (2) The taxpayer has a gross annual household income
- 7 within the ranges listed in subsection (b)(1) or (2),
- 8 as applicable.

9 "Qualifying taxpayer" shall not include any person who is
10 claimed or is otherwise eligible to be claimed as a dependent by
11 another taxpayer for federal or Hawaii state individual income
12 tax purposes."

13 SECTION 5. Section 128D-2, Hawaii Revised Statutes, is
14 amended by amending subsection (a) to read as follows:

15 "(a) There is created within the state treasury an
16 environmental response revolving fund, which shall consist of
17 moneys appropriated to the fund by the legislature, moneys paid
18 to the fund as a result of departmental compliance proceedings,
19 moneys paid to the fund pursuant to court-ordered awards or
20 judgments, moneys paid to the fund in court-approved or
21 out-of-court settlements, all interest attributable to



1 investment of money deposited in the fund, moneys deposited in
2 the fund from the environmental response, energy, carbon
3 emissions, and food security tax pursuant to section 243-3.5,
4 and moneys allotted to the fund from other sources."

5 SECTION 6. Section 201-12.8, Hawaii Revised Statutes, is
6 amended by amending subsection (a) to read as follows:

7 "(a) There is created within the state treasury an energy
8 security special fund, which shall consist of:

9 (1) The portion of the environmental response, energy,
10 carbon emissions, and food security tax specified
11 under section 243-3.5;

12 (2) Moneys appropriated to the fund by the legislature;

13 (3) All interest attributable to investment of money
14 deposited in the fund; and

15 (4) Moneys allotted to the fund from other sources,
16 including under section 196-6.5."

17 SECTION 7. Section 243-3.5, Hawaii Revised Statutes, is
18 amended to read as follows:

19 "**§243-3.5 Environmental response, energy, carbon**

20 **emissions, and food security tax; uses.** (a) In addition to any
21 other taxes provided by law, subject to the exemptions set forth



1 in section 243-7, there is hereby imposed a state environmental
2 response, energy, carbon emissions, and food security tax on
3 each barrel or fractional part of a barrel of petroleum product
4 sold by a distributor to any retail dealer or end user of
5 petroleum product, other than a refiner. The tax [~~shall be~~
6 ~~\$1.05~~] on each barrel or fractional part of a barrel of
7 petroleum product [~~that is not aviation fuel; provided that of~~
8 ~~the tax collected pursuant to this subsection:~~] shall be in the
9 amounts provided for each year as follows:

- 10 2026: \$3.15;
- 11 2027: \$5.25;
- 12 2028: \$9.45;
- 13 2029: \$13.65;
- 14 2030: \$17.85;
- 15 2031: \$22.05;
- 16 2032: \$26.25;
- 17 2033: \$30.45;
- 18 2034: \$34.65;
- 19 2035: \$38.85;
- 20 2036: \$40.11; and

21 the tax shall be increased by \$1.26 each year thereafter.



1 The tax for each year referenced above shall take effect on
2 January 1 of that year and shall continue until the effective
3 date of the next increment.

4 The tax imposed by this subsection shall be paid by the
5 distributor of the petroleum product.

6 (b) Tax revenues collected pursuant to subsection (a)
7 shall be distributed in the following priority each fiscal year,
8 with the excess revenues to be deposited into the general fund:

9 (1) ~~[5 cents of the tax on each barrel]~~ \$1,201,000 shall
10 be deposited into the environmental response revolving
11 fund established under section 128D-2;

12 (2) ~~[4 cents of the tax on each barrel]~~ \$892,800 shall be
13 deposited into the energy security special fund
14 established under section 201-12.8;

15 (3) ~~[5 cents of the tax on each barrel]~~ \$1,116,000 shall
16 be deposited into the energy systems development
17 special fund established under section 304A-2169.1;

18 (4) ~~[3 cents of the tax on each barrel]~~ \$669,600 shall be
19 deposited into the electric vehicle charging system
20 subaccount established pursuant to section 269-33(e);

21 [~~and~~]



1 (5) ~~[3 cents of the tax on each barrel]~~ \$669,600 shall be
2 deposited into the hydrogen fueling system subaccount
3 established pursuant to section 269-33(f) ~~[+]~~;

4 (6) \$3,000,000 shall be deposited into the agricultural
5 development and food security special fund established
6 under section 141- ;

7 (7) \$1,000,000 shall be deposited into the carbon
8 emissions tax and dividend special fund established
9 under section 231- ;

10 (8) All taxes paid on gasoline or other aviation fuel sold
11 for use in or used for airplanes shall be deposited in
12 the airport revenue fund established under
13 section 248-8 to reduce carbon emissions; and

14 (9) All taxes paid on gasoline, diesel, or other fuel sold
15 for use in or used for small boats shall be deposited
16 in the boating special fund established under
17 section 248-8.

18 ~~[The tax imposed by this subsection shall be paid by the~~
19 ~~distributor of the petroleum product.~~

20 ~~(b)]~~ (c) In addition to subsection (a), the environmental
21 response, energy, carbon emissions, and food security tax shall



1 also be imposed on each one million British thermal units of
2 fossil fuel sold by a distributor to any retail dealer or end
3 user, other than a refiner, of fossil fuel. The tax [~~shall be~~
4 ~~19 cents~~] on each one million British thermal units of fossil
5 fuel[~~;~~ ~~provided that of the tax collected pursuant to this~~
6 ~~subsection;~~] shall be in the amounts provided for each year as
7 follows:

8 2026: \$0.49;
9 2027: \$0.79;
10 2028: \$1.39;
11 2029: \$1.99;
12 2030: \$2.59;
13 2031: \$3.19;
14 2032: \$3.79;
15 2033: \$4.39;
16 2034: \$4.99;
17 2035: \$5.59;
18 2036: \$5.77; and

19 the tax shall be increased by \$0.18 on each one million British
20 thermal units of fossil fuel each year thereafter.



1 The tax for each year referenced above shall take effect on
2 January 1 of that year and shall continue until the effective
3 date of the next increment.

4 The tax imposed by this subsection shall be paid by the
5 distributor of the fossil fuel.

6 (d) Tax revenues collected pursuant to subsection (c)
7 shall be distributed in the following priority each fiscal year,
8 with the excess revenues to be deposited into the general fund:

9 (1) [~~4.8 per cent of the tax on each one million British~~
10 ~~thermal units~~] \$49,000 shall be deposited into the
11 environmental response revolving fund established
12 under section 128D-2;

13 (2) [~~14.3 per cent of the tax on each one million British~~
14 ~~thermal units~~] \$147,000 shall be deposited into the
15 energy security special fund established under
16 section 201-12.8; and

17 (3) [~~9.5 per cent of the tax on each one million British~~
18 ~~thermal units~~] \$98,000 shall be deposited into the
19 energy systems development special fund established
20 under section 304A-2169.1.



1 ~~[The tax imposed by this subsection shall be paid by the~~
2 ~~distributor of the fossil fuel.~~

3 ~~(e)]~~ (e) The tax imposed under subsection ~~[(b)]~~ (c) shall
4 not apply to coal used to fulfill ~~[a signed]~~ an existing power
5 purchase agreement between an independent power producer and an
6 electric utility that is in effect as of June 30, 2015~~[-]~~;
7 provided that this exemption from taxation shall not apply to
8 any extension of an existing power purchase agreement or to any
9 subsequent power purchase agreement. An independent power
10 producer shall be permitted to pass the tax imposed under
11 subsection ~~[(b)]~~ (c) on to an electric utility. In ~~[which~~
12 ~~case]~~ any case in which the tax is passed on, the electric
13 utility may recover the cost of the tax through an appropriate
14 surcharge to the end user that is approved by the public
15 utilities commission.

16 ~~(d)]~~ (f) A gas utility shall be allowed to recover the
17 cost of the tax imposed under subsection ~~[(b)]~~ (c) as part of
18 its fuel cost in its fuel adjustment charge without further
19 approval by the public utilities commission.

20 ~~(e)]~~ (g) Each distributor subject to the tax imposed by
21 subsection (a) or ~~[(b)]~~ (c), on or before the last day of each



1 calendar month, shall file, in the form and manner prescribed by
2 the department, a return statement of the tax under this section
3 for which the distributor is liable for the preceding month.

4 The form and payment of the tax shall be transmitted to the
5 department in the form and manner prescribed by the department.

6 ~~[(f)]~~ (h) Notwithstanding section 248-8 to the contrary,
7 the environmental response, energy, carbon emissions, and food
8 security tax collected under this section shall be paid over to
9 the director of finance for deposit as provided in subsection
10 ~~[(a)]~~ (b) or ~~[(b)]~~ (d), as the case may be.

11 ~~[(g)]~~ (i) Every distributor shall keep in the State and
12 preserve for five years a record in a form as the department of
13 taxation shall prescribe showing the total number of barrels,
14 and the fractional part of barrels, of petroleum product or the
15 total number of one million British thermal units of fossil
16 fuel, as the case may be, sold by the distributor during any
17 calendar month. The record shall show any other data and
18 figures relevant to the enforcement and administration of this
19 chapter as the department may require.

20 ~~[(h)]~~ (j) For the purposes of this section:



1 "Barrel" may be converted to million British thermal units,
2 using the United States Department of Energy, Energy Information
3 Administration annual energy review or annual energy outlook.

4 "Fossil fuel" means a [~~hydrocarbon deposit,~~] fuel, such as
5 coal, natural gas, or liquefied natural gas, derived from a
6 hydrocarbon deposit resulting from the accumulated remains of
7 ancient plants or animals [~~and used for fuel~~]; provided that the
8 term specifically does not include petroleum product."

9 SECTION 8. Section 304A-2169.1, Hawaii Revised Statutes,
10 is amended by amending subsection (b) to read as follows:

11 "(b) Deposits into the special fund may be from the
12 following:

- 13 (1) Appropriations from the legislature;
- 14 (2) A portion of the environmental response, energy,
15 carbon emissions, and food security tax pursuant to
16 section 243-3.5; and
- 17 (3) Investment earnings, gifts, donations, or other income
18 received by the Hawaii natural energy institute."

19 PART III

20 SECTION 9. There is appropriated out of the general fund
21 the sum of \$ or so much thereof as may be necessary



1 for fiscal year 2025-2026 to be deposited into the carbon
2 emissions tax and dividend special fund.

3 SECTION 10. There is appropriated out of the carbon
4 emissions tax and dividend special fund the sum of
5 \$ or so much thereof as may be necessary for fiscal
6 year 2025-2026 to fund the first year of the carbon cashback tax
7 credit program.

8 The sum appropriated shall be expended by the department of
9 taxation for the purposes of this Act.

10 PART IV

11 SECTION 11. The department of taxation shall submit an
12 interim report to the legislature no later than forty days prior
13 to the convening of the 2026 regular session on preparations for
14 the implementation of the carbon cashback program.

15 The department of taxation shall submit a report to the
16 legislature no later than forty days prior to the convening of
17 each regular session from 2027 until 2035, inclusive, with
18 information about the carbon cashback program. The report shall
19 include revenues from the environmental response, energy, carbon
20 emissions, and food security tax and the amounts distributed
21 through the refundable tax credits under section 235- , Hawaii



1 Revised Statutes. The report shall include any information
2 necessary for the legislature to assess the need to adjust the
3 amounts of the refundable tax credits in future years.

4 SECTION 12. The office of planning and sustainable
5 development, in consultation with the department of taxation,
6 shall submit a report to the legislature no later than forty
7 days prior to the convening of the regular session of 2035. The
8 report shall include an evaluation of the carbon cashback
9 program and any recommended changes to the program, including
10 proposed legislation.

11 PART V

12 SECTION 13. Statutory material to be repealed is bracketed
13 and stricken. New statutory material is underscored.

14 SECTION 14. This Act shall take effect upon its approval;
15 provided that:

16 (1) Section 4 shall apply to taxable years beginning after
17 December 31, 2024;

18 (2) Section 7 shall take effect on January 1, 2026, and
19 shall apply to taxable years beginning after
20 December 31, 2025; and



1 (3) Part III shall take effect on July 1, 2025.

2

INTRODUCED BY:

Karl Rhoads



S.B. NO. 633

Report Title:

Environmental Response, Energy, and Food Security Tax; Carbon Emissions; Tax Credit; Agricultural Development and Food Security Special Fund; Carbon Emissions Tax and Dividend Special Fund; Appropriation

Description:

Amends the environmental response, energy, and food security tax to address carbon emissions. Incrementally increases the tax rate over time. Establishes a refundable tax credit to mitigate the effect of a carbon emissions tax on lower-income taxpayers. Establishes and appropriates moneys into the carbon emissions tax and dividend special fund. Reenacts the agricultural development and food security special fund. Requires reports to the Legislature.

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

