

STAND. COM. REP. NO.

231

Honolulu, Hawaii

FEB 06

, 2025

RE: H.B. No. 760
H.D. 1

Honorable Nadine K. Nakamura
Speaker, House of Representatives
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Madame:

Your Committees on Energy & Environmental Protection and
Agriculture & Food Systems, to which was referred H.B. No. 760
entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

beg leave to report as follows:

The purpose of this measure is to:

- (1) Reenact the Agricultural Development and Food Security
Special Fund;
- (2) Establish and appropriate funds into the Carbon
Emissions Tax and Dividend Special Fund;
- (3) Establish a refundable Carbon Cashback Tax Credit to
mitigate the impact of a carbon emissions tax on lower-
income taxpayers; and
- (4) Amend the Environmental Response, Energy, and Food
Security Tax by taxing fossil fuels based on their
emissions.

Your Committees received testimony in support of this measure
from the Department of Agriculture; Kauai Climate Action
Coalition; Citizens' Climate Lobby Hawaii; Carbon Cashback Hawaii;

2025-1261 HB760 HD1 HSCR HMSO-1



Climate Future Forum; Coalition Earth; Citizens Climate Lobby at the University of Hawai'i at Mānoa; Hawai'i Farmers Union; Haiku Laboratories; and numerous individuals. Your Committees received testimony in opposition to this measure from Life of the Land; Grassroot Institute of Hawaii; Retail Merchants of Hawaii; Greenpeace Hawaii; Hawaiian Islands Republican Women; Kaua'i Island Utility Cooperative; and numerous individuals. Your Committees received comments on this measure from the Department of Taxation; Department of Budget and Finance; Department of Health; Tax Foundation of Hawaii; Airlines for America; and Maui Chamber of Commerce.

Your Committees find that there is an urgent need to reduce Hawaii's greenhouse gas emissions in order to meet the State's zero emissions clean economy goal. This measure addresses this need by taxing fossil fuels based on their emissions and establishing a tax credit to mitigate the effect of the tax on taxpayers, establishing a Carbon Emissions Tax and Dividend Special Fund, and reenacting the Agricultural Development and Food Security Special Fund.

Your Committees have amended this measure by:

- (1) Amending the Carbon Cashback Tax Credit by:
 - (A) Expanding eligibility to any Hawaii taxpayer who files an individual income tax return; and
 - (B) Changing the qualifications for the amount of tax credit a taxpayer will receive to be based on filing status and number of dependents instead of income;
- (2) Clarifying that unspecified percentages of Environmental Response, Energy, Carbon Emissions, and Food Security Tax paid on all petroleum products, rather than the tax paid on just certain fuels for airplanes and small boats, shall be deposited into the Airport Revenue Fund and Boating Special Fund, respectively;
- (3) Changing the effective date to July 1, 3000, to encourage further discussion; and



- (4) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the records of votes of the members of your Committees on Energy & Environmental Protection and Agriculture & Food Systems that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 760, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 760, H.D. 1, and be referred to your Committee on Economic Development & Technology.

Respectfully submitted on
behalf of the members of the
Committees on Energy &
Environmental Protection and
Agriculture & Food Systems,


KIRSTIN KAHALOA, Chair


NICOLE E. LOWEN, Chair



