



EXECUTIVE CHAMBERS
HONOLULU

DAVID Y. IGE
GOVERNOR

June 4, 2018

GOV. MSG. NO. 1116

The Honorable Ronald D. Kouchi,
President
and Members of the Senate
Twenty-Ninth State Legislature
State Capitol, Room 409
Honolulu, Hawai'i 96813

The Honorable Scott K. Saiki,
Speaker and Members of the
House of Representatives
Twenty-Ninth State Legislature
State Capitol, Room 431
Honolulu, Hawai'i 96813

Dear President Kouchi, Speaker Saiki, and Members of the Legislature:

This is to inform you that on June 4, 2018, the following bill was signed into law:

HB1986 HD2 SD2 CD1

RELATING TO THE ENVIRONMENT
ACT 016

Sincerely,

DAVID Y. IGE
Governor, State of Hawai'i

A BILL FOR AN ACT

RELATING TO THE ENVIRONMENT.

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

1 SECTION 1. The legislature finds that the State's natural
2 environment and ecosystems are in a fragile state due to the
3 amount of greenhouse gases released through human activities and
4 the resulting impact on global climate change. The legislature
5 also finds that the State should support programs that
6 incentivize state agencies, private entities, and individuals to
7 adopt practices that are more environmentally friendly and that
8 result in reduced carbon emissions into the environment. The
9 legislature notes that one mechanism that has gained success in
10 Europe after adoption of the Kyoto Protocol is the transferring
11 and selling of carbon offset credits. California and numerous
12 other states and private industries have established these types
13 of credits for purchase by polluters to offset their carbon
14 emissions. Billions of dollars have been raised by California
15 alone, and many industries are seeking new places to invest
16 these dollars to offset their carbon emissions.

17 The legislature further finds that it is necessary to
18 invest state funds to improve the State's water infrastructure



1 and ensure future water sustainability in the face of ongoing
2 climate change. More specifically, the State must be prepared
3 to provide more resources and support for those affected by
4 disaster-scale flooding, coastal seawater inundation, and
5 shortages of potable water and agricultural water. The
6 legislature anticipates that the revenues raised by a state
7 carbon offset program will greatly enhance mitigation and
8 adaptation to climate change.

9 Accordingly, the legislature finds that it is in the public
10 interest to create a carbon offset program in the State that
11 would incentivize and reward the adoption of, practice of, and
12 adherence to carbon emission reduction activities.

13 The purpose of this Act is to require the office of
14 planning in partnership with the greenhouse gas sequestration
15 task force to establish a framework for a carbon offset program,
16 through which revenues realized from the sale of carbon offset
17 credits may be invested into projects to generate further carbon
18 offset credits or enhance the State's mitigation and adaptation
19 to climate change.



1 SECTION 2. Chapter 225P, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:

4 "§225P- Carbon offset program. (a) The office of
5 planning in partnership with the greenhouse gas sequestration
6 task force shall investigate and establish a carbon offset
7 program that:

- 8 (1) Provides expertise in carbon offsetting to public
9 agencies and private entities and assists in
10 coordinating carbon offset projects of public
11 agencies, including but not limited to the generation,
12 certification, and marketing of carbon credits;
- 13 (2) Allows for proceeds and revenues generated by state
14 departments from sales of offset credits to be
15 deposited into suitable funds particularly for
16 reinvestment to generate further carbon offset
17 credits; provided that the funds are used in
18 accordance with the purposes of the fund;
- 19 (3) Allows for proceeds and revenues generated by state
20 agencies from sales of carbon credits other than as
21 described in paragraph (2) to be invested in projects



1 enhancing the State's efforts to mitigate or adapt to
2 climate change; and

3 (4) Is consistent with the State's sustainability goals
4 and policies.

5 (b) The office of planning in partnership with the
6 greenhouse gas sequestration task force shall submit a report of
7 its findings and recommendations, including any proposed
8 legislation, to the legislature and the climate change
9 mitigation and adaptation commission no later than twenty days
10 prior to the convening of the regular session of 2020.

11 (c) As used in this section:

12 "Carbon credit" means a tradable certificate or permit
13 issued by a carbon registry that represents a greenhouse gas
14 reduction or greenhouse gas removal enhancement that is
15 equivalent to one metric ton of carbon dioxide and meets the
16 requirements of the carbon offset program.

17 "Carbon offset" means a compensatory measure made by an
18 agency, business, or individual to reduce carbon dioxide
19 emissions or to increase carbon dioxide sequestration.

20 "Carbon registry" means any established international,
21 national, or regional carbon registry program that serves



1 voluntary or compliance markets, provides an independent carbon
2 standard to verify and certify carbon offsets, and issues carbon
3 credits."

4 SECTION 3. There is appropriated out of the general
5 revenues of the State of Hawaii the sum of \$ 150,000 or so much
6 thereof as may be necessary for fiscal year 2018-2019 to
7 investigate and establish the carbon offset program.

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

10 SECTION 4. New statutory material is underscored.

11 SECTION 5. This Act shall take effect on July 1, 2018.

APPROVED this 04 day of JUN , 2018



GOVERNOR OF THE STATE OF HAWAII



HB No. 1986, HD 2, SD 2, CD 1

THE HOUSE OF REPRESENTATIVES OF THE STATE OF HAWAII

Date: May 1, 2018
Honolulu, Hawaii

We hereby certify that the above-referenced Bill on this day passed Final Reading in the House of Representatives of the Twenty-Ninth Legislature of the State of Hawaii, Regular Session of 2018.



Scott K. Saiki
Speaker
House of Representatives

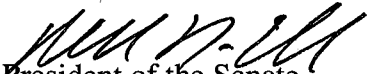



Brian L. Takeshita
Chief Clerk
House of Representatives

THE SENATE OF THE STATE OF HAWAI'I

Date: May 1, 2018
Honolulu, Hawaii 96813

We hereby certify that the foregoing Bill this day passed Final Reading in the
Senate of the Twenty-ninth Legislature of the State of Hawai'i, Regular Session of 2018.


President of the Senate


Clerk of the Senate