



# UNIVERSITY OF HAWAII SYSTEM

## Legislative Testimony

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Testimony Presented Before the  
Senate Committees on Agriculture and Environment  
and  
Energy, Economic Development, and Tourism  
February 13, 2019 at 2:00 p.m.

By  
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SB 1463 – RELATING TO TAXATION.

Chairs Gabbard and Wakai, Vice Chairs Ruderman and Taniguchi, and members of the committees:

The University of Hawai'i supports key portions of this legislation.

Numerous studies find that pricing carbon is the most effective way to reduce carbon pollution. The recent IPCC Special Report "Global Warming of 1.5°C" states that, "Explicit carbon prices remain a necessary condition of ambitious climate policies" (Chapter 4). The State of Hawai'i Legislature last year passed a law aiming to achieve carbon neutrality by 2045.

The important key feature of Senate Bill 1463 is the establishment of an economy-wide tax on carbon. While we appreciate the notion of it being "revenue neutral," our suggestion is that this should not be implemented via a reduction in fuel taxes. The proposed carbon tax is not sufficiently high to merit substitution with other fossil fuel taxes, as it would serve to actually lower motor fuel prices. This would be counter to the goal of reducing fossil fuel usage. We urge the committee to revise the bill to increase the level of the carbon tax such that it would, at a minimum, keep the state fuel tax at its existing level. The level of the carbon tax should increase annually to help meet state greenhouse gas emissions reduction targets. Lastly, and as a smaller point, we suggest that the tax be levied per unit of carbon dioxide equivalent. Rather than individually setting a dollar amount for each type of fossil fuel, we suggest only setting one tax rate based on carbon dioxide equivalence, and then adopt language around using the most up-to-date greenhouse gas emissions factors that estimate global warming potential.

Thank you for the opportunity to testify on this measure.