
A BILL FOR AN ACT

RELATING TO THE REDUCTION OF TAXES ON FUEL.

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

1 SECTION 1. Section 237-24, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "**§237-24 Amounts not taxable.** This chapter shall not
4 apply to the following amounts:

- 5 (1) Amounts received under life insurance policies and
6 contracts paid by reason of the death of the insured;
- 7 (2) Amounts received (other than amounts paid by reason of
8 death of the insured) under life insurance, endowment,
9 or annuity contracts, either during the term or at
10 maturity or upon surrender of the contract;
- 11 (3) Amounts received under any accident insurance or
12 health insurance policy or contract or under workers'
13 compensation acts or employers' liability acts, as
14 compensation for personal injuries, death, or
15 sickness, including also the amount of any damages or
16 other compensation received, whether as a result of
17 action or by private agreement between the parties on
18 account of the personal injuries, death, or sickness;



- 1 (4) The value of all property of every kind and sort
2 acquired by gift, bequest, or devise, and the value of
3 all property acquired by descent or inheritance;
- 4 (5) Amounts received by any person as compensatory damages
5 for any tort injury to the person, or to the person's
6 character reputation, or received as compensatory
7 damages for any tort injury to or destruction of
8 property, whether as the result of action or by
9 private agreement between the parties (provided that
10 amounts received as punitive damages for tort injury
11 or breach of contract injury shall be included in
12 gross income);
- 13 (6) Amounts received as salaries or wages for services
14 rendered by an employee to an employer;
- 15 (7) Amounts received as alimony and other similar payments
16 and settlements;
- 17 (8) Amounts collected by distributors as fuel taxes on
18 "liquid fuel" imposed by chapter 243, and the amounts
19 collected by such distributors as a fuel tax imposed
20 by any Act of the Congress of the United States;
- 21 (9) Taxes on liquor imposed by chapter 244D on dealers
22 holding permits under that chapter;



- 1 (10) The amounts of taxes on cigarettes and tobacco
2 products imposed by chapter 245 on wholesalers or
3 dealers holding licenses under that chapter and
4 selling the products at wholesale;
- 5 (11) Federal excise taxes imposed on articles sold at
6 retail and collected from the purchasers thereof and
7 paid to the federal government by the retailer;
- 8 (12) The amounts of federal taxes under chapter 37 of the
9 Internal Revenue Code, or similar federal taxes,
10 imposed on sugar manufactured in the State, paid by
11 the manufacturer to the federal government;
- 12 (13) An amount up to, but not in excess of, \$2,000 a year
13 of gross income received by any blind, deaf, or
14 totally disabled person engaging, or continuing, in
15 any business, trade, activity, occupation, or calling
16 within the State; a corporation all of whose
17 outstanding shares are owned by an individual or
18 individuals who are blind, deaf, or totally disabled;
19 a general, limited, or limited liability partnership,
20 all of whose partners are blind, deaf, or totally
21 disabled; or a limited liability company, all of whose
22 members are blind, deaf, or totally disabled;



1 (14) Amounts received by a producer of sugarcane from the
2 manufacturer to whom the producer sells the sugarcane,
3 where:

4 (A) The producer is an independent cane farmer, so
5 classed by the Secretary of Agriculture under the
6 Sugar Act of 1948 (61 Stat. 922, Chapter 519) as
7 the Act may be amended or supplemented;

8 (B) The value or gross proceeds of sale of the sugar,
9 and other products manufactured from the
10 sugarcane, is included in the measure of the tax
11 levied on the manufacturer under section 237-
12 13(1) or (2);

13 (C) The producer's gross proceeds of sales are
14 dependent upon the actual value of the products
15 manufactured therefrom or the average value of
16 all similar products manufactured by the
17 manufacturer; and

18 (D) The producer's gross proceeds of sales are
19 reduced by reason of the tax on the value or sale
20 of the manufactured products;



1 (15) Money paid by the State or eleemosynary child-placing
2 organizations to foster parents for their care of
3 children in foster homes; and

4 (16) Amounts received by a cooperative housing corporation
5 from its shareholders in reimbursement of funds paid
6 by such corporation for lease rental, real property
7 taxes, and other expenses of operating and maintaining
8 the cooperative land and improvements; provided that
9 such a cooperative corporation is a corporation:

10 (A) Having one and only one class of stock
11 outstanding;

12 (B) Each of the stockholders of which is entitled
13 solely by reason of the stockholder's ownership
14 of stock in the corporation, to occupy for
15 dwelling purposes a house, or an apartment in a
16 building owned or leased by the corporation; and

17 (C) No stockholder of which is entitled (either
18 conditionally or unconditionally) to receive any
19 distribution not out of earnings and profits of
20 the corporation except in a complete or partial
21 liquidation of the corporation.

22 (17) Amounts received from the retail sale of gasoline."



1 SECTION 2. Section 243-3.5, Hawaii Revised Statutes, is
2 amended by amending subsection (a) to read as follows:

3 "(a) In addition to any other taxes provided by law,
4 subject to the exemptions set forth in section 243-7, there is
5 hereby imposed at times provided in section 128D-2 a state
6 environmental response tax of [5] _____ cents on each barrel or
7 fractional part of a barrel of petroleum product sold by a
8 distributor to any retail dealer or end user, other than a
9 refiner, of petroleum product; provided that _____ cents of the
10 tax on each barrel shall be used pursuant to section 128D-2 to
11 address concerns relating to drinking water. The tax imposed by
12 this subsection shall be paid by the distributor of the
13 petroleum product."

14 SECTION 3. Section 243-4, Hawaii Revised Statutes, is
15 amended by amending subsections (a) and (b) to read as follows:

16 "(a) Every distributor [~~shall~~], in addition to any other
17 taxes provided by law, shall pay a license tax to the department
18 of taxation for each gallon of liquid fuel refined,
19 manufactured, produced, or compounded by the distributor and
20 sold or used by the distributor in the State or imported by the
21 distributor, or acquired by the distributor from persons who are
22 not licensed distributors, and sold or used by the distributor



1 in the State. Any person who sells or uses any liquid fuel
2 knowing that the distributor from whom it was originally
3 purchased has not paid and is not paying the tax thereon shall
4 pay such tax as would have applied to [~~such~~] that sale or use by
5 the distributor. The rates of tax hereby imposed are as
6 follows:

7 (1) For each gallon of diesel oil, [~~±~~] _____ cent;

8 (2) For each gallon of gasoline or other aviation fuel
9 sold for use in or used for airplanes, [~~±~~] _____ cent;

10 (3) For each gallon of liquid fuel other than fuel
11 mentioned in paragraphs (1) and (2), and other than an
12 alternative fuel, sold or used in the city and county
13 of Honolulu, or sold in any county for ultimate use in
14 the city and county of Honolulu, [~~±6~~] _____ cents
15 state tax, and in addition thereto such amount, to be
16 known as the "city and county of Honolulu fuel tax",
17 as shall be levied pursuant to section 243-5;

18 (4) For each gallon of liquid fuel other than fuel
19 mentioned in paragraphs (1) and (2), and other than an
20 alternative fuel, sold or used in the county of
21 Hawaii, or sold in any county for ultimate use in the
22 county of Hawaii, [~~±6~~] _____ cents state tax, and in



1 addition thereto such amount, to be known as the
2 "county of Hawaii fuel tax", as shall be levied
3 pursuant to section 243-5;

4 (5) For each gallon of liquid fuel other than fuel
5 mentioned in paragraphs (1) and (2), and other than an
6 alternative fuel, sold or used in the county of Maui,
7 or sold in any county for ultimate use in the county
8 of Maui, [~~16~~] _____ cents state tax, and in addition
9 thereto such amount, to be known as the "county of
10 Maui fuel tax", as shall be levied pursuant to section
11 243-5; and

12 (6) For each gallon of liquid fuel other than fuel
13 mentioned in paragraphs (1) and (2), and other than an
14 alternative fuel, sold or used in the county of Kauai,
15 or sold in any county for ultimate use in the county
16 of Kauai, [~~16~~] _____ cents state tax, and in addition
17 thereto such amount, to be known as the "county of
18 Kauai fuel tax", as shall be levied pursuant to
19 section 243-5.

20 If it is shown to the satisfaction of the department, based
21 upon proper records and from such other evidence as the
22 department may require, that liquid fuel other than fuel



1 mentioned in paragraphs (1) and (2) is used for agricultural
2 equipment that does not operate upon the public highways of the
3 State, the user thereof may obtain a refund of all taxes thereon
4 imposed by this section in excess of [~~1~~] _____ cent per gallon.
5 The department shall adopt rules to administer such refunds.

6 (b) Every distributor of diesel oil, in addition to the
7 tax required by subsection (a), shall pay a license tax to the
8 department for each gallon of such diesel oil sold or used by
9 the distributor for operating a motor vehicle or motor vehicles
10 upon public highways of the State. The rates of the additional
11 tax hereby imposed are as follows:

12 (1) For each gallon of diesel oil sold or used in the city
13 and county of Honolulu, or sold in any other county
14 for ultimate use in the city and county of Honolulu,
15 [~~15~~] _____ cents state tax, and in addition thereto
16 such amount, to be known as the "city and county of
17 Honolulu fuel tax", as shall be levied pursuant to
18 section 243-5;

19 (2) For each gallon of diesel oil sold or used in the
20 county of Hawaii, or sold in any other county for
21 ultimate use in the county of Hawaii, [~~15~~] _____ cents
22 state tax, and in addition thereto such amount, to be



1 known as the "county of Hawaii fuel tax", as shall be
2 levied pursuant to section 243-5;

3 (3) For each gallon of diesel oil sold or used in the
4 county of Maui, or sold in any other county for
5 ultimate use in the county of Maui, [~~15~~] _____ cents
6 state tax, and in addition thereto such amount, to be
7 known as the "county of Maui fuel tax", as shall be
8 levied pursuant to section 243-5; and

9 (4) For each gallon of diesel oil sold or used in the
10 county of Kauai, or sold in any other county for
11 ultimate use in the county of Kauai, [~~15~~] _____ cents
12 state tax, and in addition thereto such amount, to be
13 known as the "county of Kauai fuel tax", as shall be
14 levied pursuant to section 243-5.

15 If any user of diesel oil furnishes a certificate, in such
16 form as the department shall prescribe, to the distributor, or
17 the distributor who uses diesel oil signs such certificate,
18 certifying that the diesel oil is for use in operating a motor
19 vehicle or motor vehicles in areas other than upon the public
20 highways of the State, the tax as provided in paragraphs (1) to
21 (4) shall not be applicable. In the event a certificate is not
22 or cannot be furnished and the diesel oil is in fact for use for



1 operating a motor vehicle or motor vehicles in areas other than
 2 upon public highways of the State, the user thereof may obtain a
 3 refund of all taxes thereon imposed by the foregoing paragraphs.
 4 The department shall adopt rules to administer the refunding of
 5 such taxes."

6 SECTION 4. Statutory material to be repealed is bracketed
 7 and stricken. New statutory material is underscored.

8 SECTION 5. This Act, upon its approval, shall apply to
 9 taxable years beginning after December 31, 2005.

10
 11

INTRODUCED BY:

 Bud Stoubraker

 L. Spennegian

 Barbara Mammol

 Cynthia Krefen

 Ann V. St.

 Cammie W. G.

 Ch. & K.

 Cullen Meyer

 Mark Moses

 Z. R.

JAN 20 2006



HB 2019

Report Title:

Taxation

Description:

Reduces taxes on gasoline.

HB HMIA 74-2006

