
A BILL FOR AN ACT

RELATING TO GASOLINE.

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

1 SECTION 1. The legislature finds that, with crude oil
2 costs having exceeded \$60 a barrel during the recent past and,
3 at best, static United States petroleum refinery capacity,
4 future gasoline prices become uncertain and could lead to a
5 volatile situation with shortages or drastic increases in the
6 local price of gasoline. Drastic price increases could lead to
7 gasoline lines and potential shortages in the local supply of
8 gasoline.

9 The legislature finds that it is in the public interest
10 that the State develop or acquire and maintain a gasoline
11 reserve capacity in time of drastic increases in gasoline prices
12 or shortages.

13 The purpose of this Act is to establish and maintain a
14 gasoline storage facility in the State, along with an import
15 terminal, that can be utilized in the event of drastic increases
16 in the price of gasoline or shortages in the supply of gasoline.



1 SECTION 2. Chapter 486H, Hawaii Revised Statutes, is
2 amended by adding a new part to be appropriately designated and
3 to read as follows:

4 "PART II. GASOLINE STORAGE FACILITY

5 §486H-A Import terminal and storage facility; purchase of
6 gasoline. (a) The department of transportation shall develop
7 or acquire and maintain a gasoline import terminal and storage
8 facility in the State with a minimum storage capacity of
9 gallons for the storage of regular unleaded gasoline
10 used for motor vehicles.

11 (b) From time to time, at the discretion of the director
12 of transportation, the department of transportation shall
13 purchase regular unleaded gasoline and transport and store the
14 regular unleaded gasoline at the storage facility to maintain,
15 at all times, the required minimum storage capacity. The
16 department of transportation, in its discretion, may also
17 purchase and store higher grades of gasoline, as long as the
18 minimum amount of regular unleaded gasoline is maintained.

19 §486H-B Governor's determination of shortage; wholesale
20 price of gasoline. (a) Upon a finding of a shortage of
21 gasoline in the State or drastic increases in the price of
22 gasoline that cause a major adverse impact on the economy,



1 public order, or health, welfare, and safety of the people of
2 the State, the governor shall direct the director of
3 transportation to sell the gasoline in the gasoline storage
4 facility at wholesale prices to nonrefiner marketers for resale
5 to retail stations.

6 (b) The director of transportation shall sell the gasoline
7 at a wholesale price to be determined by the public utilities
8 commission; provided that the wholesale price shall:

9 (1) Not be lower than five per cent below the market
10 wholesale rate; and

11 (2) Be set at a rate to provide the State with a return of
12 one hundred and fifty per cent over the original cost
13 of the gasoline.

14 **§486H-C Cessation of wholesale gasoline sales.** Upon the
15 determination by the governor that the conditions that required
16 the sale of gasoline from the gasoline storage facility no
17 longer exist, the governor shall direct the director of
18 transportation to cease the sale of gasoline from the gasoline
19 storage facility.

20 **486H-D Rules.** The department of transportation, in
21 consultation with the public utilities commission, may adopt
22 rules, pursuant to chapter 91, in order to implement this part."



1 SECTION 3. Chapter 486H, Hawaii Revised Statutes, is
 2 amended by designating sections 486H-1 to 486H-17 as part I,
 3 entitled "General Provisions".

4 SECTION 4. There is appropriated out of the general
 5 revenues of the State of Hawaii the sum of \$, or so much
 6 thereof as may be necessary for fiscal year 2006-2007, for the
 7 purpose of developing or acquiring and maintaining the gasoline
 8 import terminal and storage facility.

9 SECTION 5. The sum appropriated shall be expended by the
 10 department of transportation for the purposes of this Act.

11 SECTION 6. In codifying the new sections added by section
 12 2 of this Act, the revisor of statutes shall substitute
 13 appropriate section numbers for the letters used in designating
 14 the new sections in this Act.

15 SECTION 7. This Act shall take effect upon its approval;
 16 provided that sections 4 and 5 shall take effect on July 1,
 17 2006.

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HB 3082

Report Title:

Gasoline; Storage Facility

Description:

Requires DOT to establish and maintain a gasoline storage facility; allows Governor to sell gasoline from facility at wholesale price determined by PUC in times of shortage or drastic increases in gasoline prices; makes appropriation.

