
A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 SECTION 1. The legislature finds that the airline industry
2 is vital to the State's economy and that the airline industry is
3 facing serious challenges, with many major air carriers
4 operating in bankruptcy or struggling to avoid bankruptcy. Fuel
5 costs in particular have increased dramatically in recent years,
6 creating a real financial difficulty for many airlines.

7 To the extent that the Hawaii general excise tax, use, and
8 fuel taxes apply to aviation fuel, these taxes only exacerbate
9 the problems caused by soaring fuel prices.

10 Sales of fuel sold from a foreign trade zone for use by
11 common carrier airlines in interstate commerce are exempt from
12 general excise and use taxes.

13 The purpose of this Act is to exempt fuel sold to common
14 carriers for use in inter-island and intra-island transportation
15 from general excise and use taxes.

16 SECTION 2. Section 212-8, Hawaii Revised Statutes, is
17 amended to read as follows:



1 "**§212-8 Exemption from taxes.** (a) Notwithstanding any
2 law to the contrary, sales of all products [~~which~~] that are
3 categorized as privileged foreign merchandise, nonprivileged
4 foreign merchandise, domestic merchandise, or zone-restricted
5 merchandise, and [~~which~~] that are admitted into a foreign-trade
6 zone, as more specifically set forth in the Act of Congress, and
7 any rules and regulations promulgated thereunder, made directly
8 to any common carrier in interstate or foreign commerce, or
9 both, whether ocean-going or air, for consumption out-of-state
10 by the crew or passengers on the shipper's vessels or airplanes,
11 or for use out-of-state by the vessels or airplanes, shall be
12 exempt from those taxes imposed under chapters 237, 238, 243,
13 244D, and 245.

14 (b) Notwithstanding any law to the contrary, sales of fuel
15 categorized as privileged foreign merchandise, nonprivileged
16 foreign merchandise, domestic merchandise, or zone-restricted
17 merchandise, that is admitted into a foreign-trade zone, as more
18 specifically set forth by Act of Congress, and any rules and
19 regulations thereunder, made directly to or used by any common
20 carrier for consumption or use in air transportation, whether
21 interstate, intrastate, or foreign, shall be exempt from taxes
22 imposed under chapters 237 and 238; provided that this exemption



1 shall not exceed \$ per common carrier in any taxable
2 year."

3 SECTION 3. This Act shall not be construed to imply that
4 any law prior to the effective date of this Act is inconsistent
5 with this Act.

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

8 SECTION 5. This Act shall take effect on July 1, 2050.



Report Title:

Fuel Tax

Description:

Exempts, from GET and use taxes, fuel used in interstate and intrastate air transportation by common carriers, not to exceed \$ per year per common carrier. (SD3)

