

JAN 23 2006

A BILL FOR AN ACT

RELATING TO THE LICENSE TAX ON BIODIESEL.

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

1 SECTION 1. Section 243-4, Hawaii Revised Statutes, is
2 amended by amending subsection (c) to read as follows:
3 "(c) The tax shall not be collected in respect to any
4 benzol, benzene, toluol, xylol, or alternative fuel sold for use
5 other than for operating internal combustion engines. With
6 respect to these products, other than alternative fuels, the
7 department by rule shall provide for the reporting and payment
8 of the tax and for the keeping of records in respect thereto, in
9 such manner as to collect, for each gallon of such product sold
10 for use in internal combustion engines for the generation of
11 power, or so used, the same tax or taxes as apply to each gallon
12 of diesel oil. With respect to alternative fuels, the only tax
13 collected shall be that provided in paragraphs (1), (2), and (3)
14 of this subsection. This subsection shall not apply to aviation
15 fuel sold for use in or used for airplanes.
16 (1) Every distributor of any alternative fuel for
17 operation of an internal combustion engine shall pay a
18 license tax to the department [~~of one-quarter of one~~



1 ~~cent~~] for each gallon of [~~such~~] the alternative fuel
2 sold or used by the distributor[+] , rounded to the
3 nearest thousandth of a cent, as follows:

4 (A) Biodiesel, 0 cent;

5 (B) A mixture containing a given per cent greater
6 than or equal to twenty per cent by volume of
7 biodiesel with diesel or other fuel, the product
8 of:

9 (i) The difference of one hundred per cent less
10 the given per cent; and

11 (ii) One-quarter of one cent; and

12 (C) For other alternative fuels, one-quarter of one
13 cent.

14 (2) Every distributor, in addition to the tax required
15 under paragraph (1) of this subsection, shall pay a
16 license tax to the department for each gallon of
17 alternative fuel sold or used by the distributor for
18 operating a motor vehicle or motor vehicles upon the
19 public highways of the State at a rate proportional to
20 that of the rates applicable to diesel oil in
21 subsection (b), rounded to the nearest [~~one-tenth~~]
22 thousandth of a cent, as follows:



- 1 (A) Ethanol, 0.145 times the rate for diesel;
- 2 (B) Methanol, 0.11 times the rate for diesel;
- 3 (C) Biodiesel, [~~0.25~~] 0 times the rate for diesel;
- 4 (D) A mixture containing a given per cent greater
- 5 than or equal to twenty per cent by volume of
- 6 biodiesel with diesel or other fuel, the product
- 7 of:
- 8 (i) The difference of one hundred per cent less
- 9 the given per cent; and
- 10 (ii) The applicable rate for diesel or the other
- 11 fuel in the mixture;
- 12 [~~(D)~~] (E) Liquefied petroleum gas, 0.33 times the rate for
- 13 diesel; and
- 14 [~~(E)~~] (F) For other alternative fuels, the rate shall be
- 15 based on the energy content of the fuels as
- 16 compared to diesel fuel, using a lower heating
- 17 value of one hundred thirty thousand British
- 18 thermal units per gallon as a standard for
- 19 diesel, so that the tax rate, on an energy
- 20 content basis, is equal to one-quarter the rate
- 21 for diesel fuel.



1 The taxes so paid shall be paid into the state
2 treasury and deposited in special funds or paid over
3 in the same manner as provided in subsection (b) in
4 respect of the tax on diesel oil;

5 (3) If any user of alternative fuel furnishes to the
6 distributor a certificate, in such form as the
7 department shall prescribe, or the distributor who
8 uses alternative fuel signs such certificate,
9 certifying that the alternative fuel is for use in
10 operating a motor vehicle or motor vehicles in areas
11 other than upon the public highways of the State, the
12 tax as provided by paragraphs (1) and (2) of this
13 subsection shall not be applicable; provided that no
14 certificate shall be required if the alternative fuel
15 is used for fuel and heating purposes in the home. In
16 the event a certificate is not or cannot be furnished
17 and the alternative fuel is in fact used for operating
18 an internal combustion engine or operating a motor
19 vehicle or motor vehicles in areas other than upon the
20 public highways of the State, the user thereof may
21 obtain a refund of all taxes thereon imposed by such



1 paragraphs. The department shall adopt rules to
2 administer the refunding of such taxes imposed."

3 SECTION 2. Statutory material to be repealed is bracketed
4 and stricken. New statutory material is underscored.

5 SECTION 3. This Act shall take effect upon its approval.

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SB2122

Report Title:

HRS Section 243-4(c); Fuel Tax; License Tax; Biodiesel

Description:

Eliminates the license tax on (1) biodiesel or (2) the biodiesel component of any mixture of biodiesel with another fuel in which mixture the biodiesel component is greater than or equal to 20 per cent.

