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# A BILL FOR AN ACT

RELATING TO INTRA-COUNTY FERRY SERVICE.

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

1           SECTION 1. The legislature finds that the residents of  
2 West Maui are served by only one highway and one small airport.  
3 Residents on the island of Lanai have only one feasible means of  
4 transport to Maui - by intra-county ferry from Lanai to Lahaina.  
5 However, the Lahaina small boat harbor is already overused and  
6 is shared by commercial fishing activities and cruise ships that  
7 add to already congested surface traffic.

8           The legislature finds that an alternate ferry route from  
9 Lanai to Maalaea harbor will:

- 10           (1) Provide more convenient travel for the residents of  
11           Lanai and West Maui;
- 12           (2) Ease the congestion in and around Lahaina and its boat  
13           harbor; and
- 14           (3) Make emergency ferry operations out of Lahaina a  
15           feasible reality as a component of an emergency  
16           transportation system should the only highway in West  
17           Maui be closed.



1 However, any ferry route to and from Maalaea harbor and Lahaina  
2 requires priority assigning of mooring space. In addition, the  
3 added fuel costs of this route would require an exemption from  
4 the fuel tax for fuel purchases for the ferry service.

5 The purpose of this Act is to provide priority assignment  
6 of mooring space for a new ferry route from Maalaea harbor to  
7 Lahaina and to provide an exemption from the fuel tax for fuel  
8 purchases for the ferry service.

9 SECTION 2. Any other law to the contrary notwithstanding,  
10 the department of land and natural resources shall assign  
11 priority mooring space to any intra-county ferry service  
12 regulated by the public utilities commission that serves a  
13 county:

14 (1) With a population of less than five hundred thousand  
15 residents; and

16 (2) That includes at least three islands inhabited by  
17 permanent residents.

18 SECTION 3. Section 243-7, Hawaii Revised Statutes, is  
19 amended to read as follows:

20 "**§243-7 Tax not applicable, when.** (a) This chapter  
21 requiring the payment of license fees shall not be held or  
22 construed to apply to fuel imported into the State in interstate



1 or foreign commerce while and so long as such fuel is beyond the  
2 taxing power of the State, nor to any such fuel exported or sold  
3 to the government of the United States or any department thereof  
4 for official use of the government, nor to any fuel exported or  
5 sold to another licensed distributor; but every distributor  
6 shall be required to report such imports, exports, and sales as  
7 provided by this chapter and in such detail as the department of  
8 taxation shall require.

9 (b) This chapter shall also not apply to the sale of  
10 liquid fuel sold or used in the state for ultimate use by an  
11 intra-county ferry service that serves a county with a  
12 population of less than five hundred thousand residents and that  
13 includes at least three islands inhabited by permanent  
14 residents."

15 SECTION 4. New statutory material is underscored.

16 SECTION 5. This Act shall take effect on July 1, 2008.



**Report Title:**

Intra-County Ferry; Mooring Space; Priority; Fuel Tax Exemption

**Description:**

Requires department of land and natural resources to assign priority mooring space to intra-county ferries serving a county with 500,000 or less people and at least 3 islands inhabited by permanent residents. Exempts distributors from fuel tax for fuel sold for ultimate use by the intra-county ferry service.  
(HB2893 HD1)

