

---

---

# A BILL FOR AN ACT

RELATING TO ENERGY.

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

1           SECTION 1. The legislature finds that committed financial  
2 resources are necessary to develop a long-term energy strategy  
3 to secure a sustainable energy future for Hawaii.

4           The legislature further finds that for decades the energy  
5 program within the strategic industries division of the  
6 department of business, economic development, and tourism  
7 stewarded Hawaii's federal oil overcharge funds, known as  
8 petroleum violation escrow funds, and invested these funds in  
9 energy projects and program activities. These funds supported  
10 the energy program's ability to develop innovative policy  
11 initiatives, including programs that focused on energy emergency  
12 preparedness and ethanol and biofuels strategies.

13           However, the legislature further finds that in recent  
14 years, as the energy program's assignments and functions have  
15 expanded, it has become much more difficult to maintain and  
16 improve the program's effectiveness due to declining federal  
17 funding. This has resulted in diminished program budgets and  
18 reduced staff positions. Currently, oil overcharge funds



1 support 66.6 per cent of the strategic industries division's  
2 energy program budget, but the availability of these funds is  
3 diminishing and will be exhausted in approximately four years at  
4 the current expenditure rate.

5 The legislature further finds that the success of achieving  
6 Hawaii's energy policy objectives is dependent on adequate  
7 funding and staff, and, in light of waning federal funds,  
8 increased state funding is necessary to support core energy  
9 program functions.

10 The purpose of this Act is to provide additional funding  
11 for the energy program's initiatives by establishing an energy  
12 security tax and an energy security special fund.

13 SECTION 2. The Hawaii Revised Statutes are amended by  
14 adding a new section to be appropriately designated and to read  
15 as follows:

16 "§- A Energy security special fund; uses. (a) There is  
17 created within the state treasury an energy security special  
18 fund, which shall consist of:

- 19 (1) Moneys appropriated to the fund by the legislature;  
20 (2) All interest attributable to investment of money  
21 deposited in the fund;



1       (3) Moneys generated by the energy security tax

2               established in section 243-A; and

3       (4) Moneys allotted to the fund from other sources;

4 provided that when the total balance of the fund exceeds

5 \$10,000,000, the department of business, economic development,

6 and tourism shall notify the department of taxation of this fact

7 in writing within ten days. The department of taxation then

8 shall notify all distributors liable for collecting the tax

9 imposed by section 243-A of this fact in writing, and the

10 imposition of the tax shall be discontinued beginning the first

11 day of the second month following the month in which notice is

12 given to the department of taxation. If the total balance of

13 the fund thereafter declines to less than \$5,000,000, the

14 department of business, economic development, and tourism shall

15 notify the department of taxation which then shall notify all

16 distributors liable for collecting the tax imposed by section

17 243-A of this fact in writing, and the imposition of the tax

18 shall be reinstated beginning the first day of the second month

19 following the month in which notice is given to the department

20 of taxation.

21       (b) Moneys from the fund shall be expended by the

22 department of business, economic development, and tourism for



1 its energy program, including projects that ensure dependable,  
2 efficient, and economical energy, promote energy self-  
3 sufficiency, and provide greater energy security for the State."

4 SECTION 3. Chapter 243, Hawaii Revised Statutes, is  
5 amended by adding a new section to be appropriately designated  
6 and to read as follows:

7 "§243-A Energy security tax; uses. (a) In addition to  
8 any other taxes provided by law, subject to the exemptions set  
9 forth in section 243-7, there is hereby imposed at times  
10 provided in section -A an energy security tax of 15 cents on  
11 each barrel or fractional part of a barrel of petroleum product  
12 sold by a distributor to any retail dealer or end user, other  
13 than a refiner, of petroleum product. The tax imposed by this  
14 subsection shall be paid by the distributor of the petroleum  
15 product.

16 (b) Each distributor subject to the tax imposed by  
17 subsection (a), on or before the last day of each calendar  
18 month, shall file with the director, on forms prescribed,  
19 prepared, and furnished by the director, a return statement of  
20 the tax under this section for which the distributor is liable  
21 for the preceding month. The form and payment of the tax shall



1 be transmitted to the department of taxation in the appropriate  
2 district.

3 (c) The energy security tax collected under this section  
4 shall be paid over to the director of finance for deposit into  
5 the energy security special fund established by section -A.

6 (d) Every distributor shall keep in the State and preserve  
7 for five years a record in such form as the department of  
8 taxation shall prescribe showing the total number of barrels and  
9 the fractional part of barrels of petroleum product sold by the  
10 distributor during any calendar month. The record shall show  
11 such other data and figures relevant to the enforcement and  
12 administration of this chapter as the department may require."

13 SECTION 4. There is appropriated out of the general  
14 revenues of the State of Hawaii the sum of \$ or so  
15 much thereof as may be necessary for fiscal year 2008-2009 for  
16 deposit in the energy security special fund.

17 The sum appropriated shall be expended by the department of  
18 business, economic development, and tourism for the purposes of  
19 this Act.

20 SECTION 5. There is appropriated out of the energy  
21 security special fund of the State of Hawaii the sum of



1 \$ or so much thereof as may be necessary for fiscal  
2 year 2008-2009 for the purpose of this Act.

3 SECTION 6. In codifying the new sections added by sections  
4 2 and 3 of this Act, the revisor of statutes shall substitute  
5 appropriate section numbers for the letters used in designating  
6 the new sections in this Act.

7 SECTION 7. New statutory material is underscored.

8 SECTION 8. This Act shall take effect on July 1, 2008.  
9

INTRODUCED BY:

Hal Moad

Nannina Mouta

Kirk Caldwell

Matt L.

Blake

J. Phil. Karamita

Mel Carroll

Almond Sogvi

J. L. L.

[Signature]



**Report Title:**

Energy; Taxation; Special Fund

**Description:**

Establishes the energy security special fund and the energy security tax and appropriates moneys. Effective 7/1/08.

