
A BILL FOR AN ACT

RELATING TO FUEL TAX.

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 (a) to read as follows:

3 "(a) Every distributor, in addition to any other taxes
4 provided by law, shall pay a license tax to the department of
5 taxation for each gallon of liquid fuel refined, manufactured,
6 produced, or compounded by the distributor and sold or used by
7 the distributor in the State or imported by the distributor, or
8 acquired by the distributor from persons who are not licensed
9 distributors, and sold or used by the distributor in the State.
10 Any person who sells or uses any liquid fuel, knowing that the
11 distributor from whom it was originally purchased has not paid
12 and is not paying the tax thereon, shall pay such tax as would
13 have applied to such sale or use by the distributor. The rates
14 of tax imposed are as follows:

15 (1) For each gallon of diesel oil, 2 cents[+], except for
16 diesel oil sold for use in a power-generating
17 facility, 1 cent;



- 1 (2) For each gallon of gasoline or other aviation fuel
2 sold for use in or used for airplanes, 2 cents;
- 3 (3) For each gallon of naphtha sold for use in a power-
4 generating facility, 1 cent;
- 5 (4) For each gallon of liquid fuel, other than fuel
6 mentioned in paragraphs (1), (2), and (3), and other
7 than an alternative fuel, sold or used in the city and
8 county of Honolulu, or sold in any county for ultimate
9 use in the city and county of Honolulu, 17 cents state
10 tax, and in addition thereto an amount, to be known as
11 the "city and county of Honolulu fuel tax", as shall
12 be levied pursuant to section 243-5;
- 13 (5) For each gallon of liquid fuel, other than fuel
14 mentioned in paragraphs (1), (2), and (3), and other
15 than an alternative fuel, sold or used in the county
16 of Hawaii, or sold in any county for ultimate use in
17 the county of Hawaii, 17 cents state tax, and in
18 addition thereto an amount, to be known as the "county
19 of Hawaii fuel tax", as shall be levied pursuant to
20 section 243-5;
- 21 (6) For each gallon of liquid fuel, other than fuel
22 mentioned in paragraphs (1), (2), and (3), and other



1 than an alternative fuel, sold or used in the county
2 of Maui, or sold in any county for ultimate use in the
3 county of Maui, 17 cents state tax, and in addition
4 thereto an amount, to be known as the "county of Maui
5 fuel tax", as shall be levied pursuant to section 243-
6 5; and

7 (7) For each gallon of liquid fuel, other than fuel
8 mentioned in paragraphs (1), (2), and (3), and other
9 than an alternative fuel, sold or used in the county
10 of Kauai, or sold in any county for ultimate use in
11 the county of Kauai, 17 cents state tax, and in
12 addition thereto an amount, to be known as the "county
13 of Kauai fuel tax", as shall be levied pursuant to
14 section 243-5.

15 If it is shown to the satisfaction of the department, based
16 upon proper records and from any other evidence as the
17 department may require, that liquid fuel, other than fuel
18 mentioned in paragraphs (1), (2), and (3), is used for
19 agricultural equipment that does not operate upon the public
20 highways of the State, the user thereof may obtain a refund of
21 all taxes thereon imposed by this section in excess of 1 cent



1 per gallon. The department shall adopt rules to administer such
2 refunds."

3 SECTION 2. Act 103, Session Laws of Hawaii 2007, is
4 amended by amending section 5 to read as follows:

5 "This Act shall take effect upon its approval; provided
6 that:

7 (1) The amendments made to this Act to[+]

8 ~~(A) The definition of "power generating facility" in~~
9 ~~section 243-1, Hawaii Revised Statutes, and~~

10 ~~(B) Section]~~ section 243-4(a), Hawaii Revised
11 Statutes[+], shall be repealed on December 31,
12 2009, and section 243-4(a), Hawaii Revised
13 Statutes, shall be reenacted in the form in which
14 it read on the day before the effective date of
15 this Act; and

16 (2) The rate of tax for naphtha as provided for in section
17 243-4(a)(3), Hawaii Revised Statutes, shall be
18 effective retroactively and apply to any imposition of
19 the fuel tax on naphtha sold for use in a power-
20 generating facility."

21 SECTION 3. Statutory material to be repealed is bracketed
22 and stricken. New statutory material is underscored.



1 SECTION 4. This Act shall take effect upon approval;
2 provided that the exception for diesel oil sold for use in a
3 power-generating facility under section 243-4(a)(1), Hawaii
4 Revised Statutes, shall apply to taxable years beginning after
5 December 31, 2007; and provided further that the amendments made
6 to section 243-4, Hawaii Revised Statutes, by this Act shall not
7 be repealed when that section is reenacted on December 31, 2009,
8 pursuant to section 5 of Act 103, Session Laws of Hawaii 2007.



Report Title:

Fuel Tax; License Tax; Diesel Oil; Power-Generating Facility

Description:

Amends the license tax rules to except entities that use diesel oil for power-generating facilities from the additional 1 cent increase in diesel oil license taxes. (SD1)

