

JAN 24 2007

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 Hawaii is dependent
2 on imported petroleum for over ninety per cent of its
3 transportation energy needs. This dependency on imported oil
4 leaves the State extremely vulnerable to a foreign oil embargo,
5 a disruption in supply, or other types of energy emergencies.
6 Hawaii's energy security can be increased by diversifying its
7 transportation fuel requirements so that the State will be more
8 reliant on alternative fuels and efficient vehicles. Imposing
9 an additional tax on motor vehicles that weigh more and
10 proportionately consume more petroleum fuel will assist in
11 addressing the State's energy security problems.

12 The purpose of this Act is to:

13 (1) Levy an additional one per cent general excise tax on
14 the gross proceeds of the sale of passenger cars and
15 light duty trucks weighing more than five thousand
16 pounds curb weight;



1 (2) Establish a clean fuel revolving fund into which the
2 additional one per cent tax will be deposited to
3 provide rebates to individuals who purchase qualified
4 alternative fuel vehicles or hybrid vehicles in
5 Hawaii; and

6 (3) Provide a general excise tax exemption for amounts
7 received from the sale of qualified alternative fuel
8 vehicles and hybrid vehicles.

9 SECTION 2. Chapter 36, Hawaii Revised Statutes, is amended
10 by adding a new section to be appropriately designated and to
11 read as follows:

12 "§36- Clean fuel revolving fund. (a) There is
13 established in the state treasury the clean fuel revolving fund,
14 into which shall be deposited:

15 (1) All revenues received from the collection of taxes
16 levied under section 237- ; and

17 (2) Appropriations made by the legislature to the fund.

18 (b) The revolving fund shall be used to provide a rebate
19 to a buyer who purchases a qualified alternative fuel vehicle or
20 hybrid vehicle, as defined under section 237- , in the State.

21 (c) The fund shall be repealed when there is no longer any
22 funding available for rebates from the additional tax levied



1 under section 237- . The rebate on qualified alternative fuel
2 vehicles and hybrid vehicles shall be repealed when the fund is
3 repealed. Any additional revenue that is collected from the
4 additional tax levied under section 237- after the fund has
5 been repealed shall be transferred to the general fund.

6 (d) The director of finance shall develop and implement a
7 plan to distribute rebates from the fund by December 31, 2008.
8 The department shall adopt rules in accordance with chapter 91
9 to carry out the purposes of this section."

10 SECTION 3. Chapter 237, Hawaii Revised Statutes, is
11 amended by adding a new section to be appropriately designated
12 and to read as follows:

13 **"§237- Sale of passenger cars and light-duty trucks.**

14 (a) In addition to the tax levied under section 237-13(2)(A)
15 and other sections of this chapter, there shall be an additional
16 tax levied on the gross proceeds of sales of passenger cars and
17 light duty trucks; provided that insofar as the sale of tangible
18 personal property is a wholesale sale under section
19 237-4(a)(8)(B), the sale shall not be subject to this section.
20 Upon every sale of a passenger car or light duty truck weighing
21 over five thousand pounds curb weight, there shall be assessed,



1 levied, and collected a tax equivalent to one per cent of the
2 gross proceeds of sales of passenger cars and light duty trucks.

3 Vehicles weighing over five thousand pounds curb weight
4 that do not satisfy the qualified alternative fuel requirement,
5 but are capable of operating on alternative fuel, shall not be
6 subject to the levying of additional general excise tax.

7 (b) For purposes of this section:

8 "Alternative fuel" means the same as defined under section
9 243-1.

10 "Hybrid vehicle" means any motor vehicle that draws its
11 power from an internal combustion or heat engine using
12 combustible fuel and a rechargeable energy storage system.

13 "Light duty truck" means any motor vehicle with a curb
14 weight of five thousand pounds or less and which has a basic
15 vehicle frontal area of forty-five square feet or less, which
16 is:

17 (1) Designed primarily for purposes of transportation of
18 property or is a derivation of such a vehicle;

19 (2) Designed primarily for transportation of persons and
20 has a capacity of more than twelve persons; or

21 (3) Available with special features enabling off-street or
22 off-highway operation and use.



1 "Passenger car" means the same as defined under section
2 286-2.

3 "Qualified alternative fueled vehicle" means a motor
4 vehicle that weighs less than ten thousand pounds curb weight,
5 and:

6 (1) Obtains seventeen miles per gallon when operating on
7 alternative fuel, for light duty trucks; or

8 (2) Obtains twenty-two miles per gallon when operating on
9 alternative fuel, for passenger cars.

10 "Vehicle" means a new passenger car of light duty truck
11 purchased in Hawaii."

12 SECTION 4. Section 237-24.75, Hawaii Revised Statutes, is
13 amended to read as follows:

14 "~~+~~§237-24.75~~+~~ **Additional exemptions.** In addition to
15 the amounts exempt under section 237-24, this chapter shall not
16 apply to ~~amounts~~:"

17 (1) Amounts received as a beverage container deposit
18 collected under chapter 342G, part VIII~~+~~; and

19 (2) Amounts received from the sale of qualified
20 alternative fuel vehicles or hybrid vehicles, as
21 defined under section 237- , in the State."



1 SECTION 5. Section 237-31, Hawaii Revised Statutes, is
2 amended to read as follows:

3 **"§237-31 Remittances.** All remittances of taxes imposed by
4 this chapter shall be made by money, bank draft, check,
5 cashier's check, money order, or certificate of deposit to the
6 office of the department of taxation to which the return was
7 transmitted. The department shall issue its receipts therefor
8 to the taxpayer and shall pay the moneys into the state treasury
9 as a state realization, to be kept and accounted for as provided
10 by law; provided that:

11 (1) The sum from all general excise tax revenues realized
12 by the State that represents the difference between
13 \$90,000,000 and the proceeds from the sale of any
14 general obligation bonds authorized for that fiscal
15 year for the purposes of the state educational
16 facilities improvement special fund shall be deposited
17 in the state treasury in each fiscal year to the
18 credit of the state educational facilities improvement
19 special fund for public school capital improvement
20 program needs; [~~and~~]

21 (2) A sum, not to exceed \$5,000,000, from all general
22 excise tax revenues realized by the State shall be



1 deposited in the state treasury in each fiscal year to
2 the credit of the compound interest bond reserve
3 fund[-]; and

4 (3) A sum from all general excise tax revenues realized by
5 the State under section 237- shall be deposited in
6 the state treasury in each fiscal year to the clean
7 fuel revolving fund for rebates to buyers for
8 purchases of qualified alternative fuel vehicles and
9 hybrid vehicles."

10 SECTION 6. Statutory material to be repealed is bracketed
11 and stricken. New statutory material is underscored.

12 SECTION 7. Amendments made to section 237-31, Hawaii
13 Revised Statutes in section 5 of this Act shall not be repealed
14 in accordance with section 4, Act 304, Session Laws of Hawaii
15 2006.

16 SECTION 8. This Act shall take effect on July 1, 2007;
17 provided that sections 3, 4, and 5 shall take effect on
18 January 1, 2009, and shall apply to gross income and gross
19 proceeds received after December 21, 2008.

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Report Title:

Alternative Fuel Vehicles; General Excise Tax; Revolving Fund

Description:

Levies an additional tax on the sale of passenger cars and light duty trucks. Establishes a clean fuel revolving fund to provide rebates to buyers of alternative fuel vehicles. Provides a general excise tax exemption on the sale of alternative fuel vehicles.

