

JAN 24 2007

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 subsections (a) and (b) to read as follows:
3 "(a) Every distributor [~~shall~~], in addition to any other
4 taxes provided by law, shall pay a license tax to the department
5 of taxation for each gallon of liquid fuel refined,
6 manufactured, produced, or compounded by the distributor and
7 sold or used by the distributor in the State or imported by the
8 distributor, or acquired by the distributor from persons who are
9 not licensed distributors, and sold or used by the distributor
10 in the State. Any person who sells or uses any liquid fuel
11 knowing that the distributor from whom it was originally
12 purchased has not paid and is not paying the tax thereon shall
13 pay such tax as would have applied to such sale or use by the
14 distributor. The rates of tax hereby imposed are as follows:
15 (1) For each gallon of diesel oil, 1 cent;
16 (2) For each gallon of gasoline or other aviation fuel
17 sold for use in or used for airplanes, 1 cent;



1 (3) For each gallon of liquid fuel other than fuel
2 mentioned in paragraphs (1) and (2), and other than an
3 alternative fuel, sold or used in the city and county
4 of Honolulu, or sold in any county for ultimate use in
5 the city and county of Honolulu, [~~16~~] ___ cents state
6 tax, and in addition thereto such amount, to be known
7 as the "city and county of Honolulu fuel tax", as
8 shall be levied pursuant to section 243-5;

9 (4) For each gallon of liquid fuel other than fuel
10 mentioned in paragraphs (1) and (2), and other than an
11 alternative fuel, sold or used in the county of
12 Hawaii, or sold in any county for ultimate use in the
13 county of Hawaii, [~~16~~] ___ cents state tax, and in
14 addition thereto such amount, to be known as the
15 "county of Hawaii fuel tax", as shall be levied
16 pursuant to section 243-5;

17 (5) For each gallon of liquid fuel other than fuel
18 mentioned in paragraphs (1) and (2), and other than an
19 alternative fuel, sold or used in the county of Maui,
20 or sold in any county for ultimate use in the county
21 of Maui, [~~16~~] ___ cents state tax, and in addition
22 thereto such amount, to be known as the "county of



1 Maui fuel tax", as shall be levied pursuant to section
2 243-5; and

3 (6) For each gallon of liquid fuel other than fuel
4 mentioned in paragraphs (1) and (2), and other than an
5 alternative fuel, sold or used in the county of Kauai,
6 or sold in any county for ultimate use in the county
7 of Kauai, [~~16~~] ___ cents state tax, and in addition
8 thereto such amount, to be known as the "county of
9 Kauai fuel tax", as shall be levied pursuant to
10 section 243-5.

11 If it is shown to the satisfaction of the department, based
12 upon proper records and from such other evidence as the
13 department may require, that liquid fuel other than fuel
14 mentioned in paragraphs (1) and (2) is used for agricultural
15 equipment that does not operate upon the public highways of the
16 State, the user thereof may obtain a refund of all taxes thereon
17 imposed by this section in excess of 1 cent per gallon. The
18 department shall adopt rules to administer such refunds.

19 (b) Every distributor of diesel oil, in addition to the
20 tax required by subsection (a), shall pay a license tax to the
21 department for each gallon of such diesel oil sold or used by
22 the distributor for operating a motor vehicle or motor vehicles



1 upon public highways of the State. The rates of the additional
2 tax hereby imposed are as follows:

3 (1) For each gallon of diesel oil sold or used in the city
4 and county of Honolulu, or sold in any other county
5 for ultimate use in the city and county of Honolulu,
6 [~~15~~] ___ cents state tax, and in addition thereto such
7 amount, to be known as the "city and county of
8 Honolulu fuel tax", as shall be levied pursuant to
9 section 243-5;

10 (2) For each gallon of diesel oil sold or used in the
11 county of Hawaii, or sold in any other county for
12 ultimate use in the county of Hawaii, [~~15~~] ___ cents
13 state tax, and in addition thereto such amount, to be
14 known as the "county of Hawaii fuel tax", as shall be
15 levied pursuant to section 243-5;

16 (3) For each gallon of diesel oil sold or used in the
17 county of Maui, or sold in any other county for
18 ultimate use in the county of Maui, [~~15~~] ___ cents
19 state tax, and in addition thereto such amount, to be
20 known as the "county of Maui fuel tax", as shall be
21 levied pursuant to section 243-5; and



1 (4) For each gallon of diesel oil sold or used in the
2 county of Kauai, or sold in any other county for
3 ultimate use in the county of Kauai, [~~15~~] ___ cents
4 state tax, and in addition thereto such amount, to be
5 known as the "county of Kauai fuel tax", as shall be
6 levied pursuant to section 243-5.

7 If any user of diesel oil furnishes a certificate, in such
8 form as the department shall prescribe, to the distributor, or
9 the distributor who uses diesel oil signs such certificate,
10 certifying that the diesel oil is for use in operating a motor
11 vehicle or motor vehicles in areas other than upon the public
12 highways of the State, the tax as provided in paragraphs (1) to
13 (4) shall not be applicable. In the event a certificate is not
14 or cannot be furnished and the diesel oil is in fact for use for
15 operating a motor vehicle or motor vehicles in areas other than
16 upon public highways of the State, the user thereof may obtain a
17 refund of all taxes thereon imposed by the foregoing paragraphs.
18 The department shall adopt rules to administer the refunding of
19 such taxes."

20 SECTION 2. Statutory material to be repealed is bracketed
21 and stricken. New statutory material is underscored.



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

2

INTRODUCED BY:

[Handwritten signatures on lined paper]



Report Title:

Fuel Tax

Description:

Reduces state fuel tax rate.

