

JAN 18 2008

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# A BILL FOR AN ACT

RELATING TO TAXATION.

**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



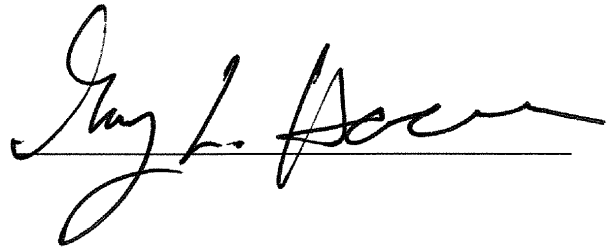
1 per gallon. The department shall adopt rules to administer such  
2 refunds."

3 SECTION 2. Statutory material to be repealed is bracketed  
4 and stricken. New statutory material is underscored.

5 SECTION 3. This Act shall take effect upon approval;  
6 provided that the exception for diesel oil sold for use in a  
7 power-generating facility under section 243-4(a)(1), Hawaii  
8 Revised Statutes, shall apply to taxable years beginning after  
9 December 31, 2007.

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INTRODUCED BY:

A handwritten signature in black ink, appearing to read "Greg L. Rosen", is written over a horizontal line.

**Report Title:**

Diesel Oil Fuel; Power-Generating Facilities; License Taxes

**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.

