

JAN 19 2007

A BILL FOR AN ACT

RELATING TO THE SALE OF ALCOHOL FUELS.

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

1 SECTION 1. The legislature finds that the use of ethanol
2 blended fuel reduces our dependence on petroleum and reduces
3 environmentally hazardous green house gas emissions that
4 significantly contribute to global warming. The legislature
5 further recognizes the negative impact that high fuel costs have
6 on our citizens on a daily basis.

7 The purpose of this Act is to lessen the tax burden on
8 consumers while promoting the use of renewable fuels by
9 reenacting the general excise tax exemption on gasoline blended
10 with ethanol.

11 SECTION 2. Chapter 237, Hawaii Revised Statutes, is
12 amended by adding a new section to be appropriately designated
13 and to read as follows:

14 "§237- Exemption of sale of alcohol fuels. (a) There
15 shall be exempted from and excluded from the measure of the
16 taxes imposed by this chapter all of the gross proceeds arising



1 from the sale of alcohol fuels for consumption or use by the
2 purchaser and not for resale.

3 (b) As used in this section, "alcohol fuels" means neat
4 biomass-derived alcohol liquid fuel or a petroleum-derived fuel
5 and alcohol liquid fuel mixture consisting of at least ten
6 volume per cent denatured biomass-derived alcohol commercially
7 usable as a fuel to power aircraft, seacraft, spacecraft,
8 automobiles, or other motorized vehicles.

9 (c) Any savings realized from this exemption shall be
10 passed on to the end consumer and shall not be used by a
11 producer or wholesaler of alcohol fuels to raise wholesale
12 alcohol fuel prices to increase the wholesaler's or producer's
13 profit margin on the sale of the alcohol fuel.

14 (d) The director of taxation shall adopt rules pursuant to
15 chapter 91 necessary to administer this section."

16 SECTION 3. Section 486J-5, Hawaii Revised Statutes, is
17 amended by amending subsection (a) to read as follows:

18 "(a) The commission, with the commission's own staff and
19 other support staff with expertise and experience in, or with,
20 the petroleum industry, shall gather, analyze, and interpret the
21 information submitted to it pursuant to sections 486J-3, 486J-4,
22 and 486J-4.5 and other information relating to the supply,



1 prices, margins, and profits of petroleum products, with
2 particular emphasis on motor vehicle fuels, including but not
3 limited to all of the following:

4 (1) The nature, cause, and extent of any petroleum or
5 petroleum product situation or condition affecting
6 supply, price, margins, or profits;

7 (2) The prices, with particular emphasis on wholesale and
8 retail motor vehicle fuel prices, and any significant
9 changes in prices charged by the petroleum industry
10 for petroleum or petroleum products sold in Hawaii and
11 the reasons for the changes;

12 (3) The income, expenses, margins, and profits in Hawaii,
13 both before and after taxes, of each distributor and
14 the income, expenses, margins, and profits, both
15 before and after taxes, of major oil companies in
16 other regions of the United States and other
17 countries; [and]

18 (4) The emerging trends relating to supply, demand, price,
19 margins, and profits[-]; and

20 (5) The effects of the general excise tax exemption
21 pursuant to section 237- on consumer, wholesale, and
22 retail prices."



S.B. NO. 984

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

3 SECTION 5. This Act shall take effect upon approval.
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Report Title:

General Excise Tax Exemption; Alcohol Fuels; Ethanol

Description:

Exempts from the general excise tax all of the proceeds arising from the sale of alcohol fuels for consumption or use by the purchaser and not for resale.

