

## L E G I S L A T I V E

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**SUBJECT:** FUEL, Exempt intra-county ferry service

**BILL NUMBER:** SB 2816; HB 2893 (Identical)

**INTRODUCED BY:** SB by Baker, English, Tsutsui; HB by McKelvey, Awana, Carroll, Morita

**BRIEF SUMMARY:** Amends HRS section 243-4 to provide that the fuel tax shall not be imposed on the sale of liquid fuel used by an intra-county ferry service that serves a county with a population of less than 500,000 residents and includes at least three islands inhabited by permanent residents.

Makes a nontax amendment that directs the department of land and natural resources to assign priority mooring space to any intra-county ferry service as delineated.

The amendments made to HRS section 243-4 by this act shall not be repealed when that section is repealed and reenacted on December 31, 2009 by Act 103, SLH 2007.

**EFFECTIVE DATE:** July 1, 2008

**STAFF COMMENTS:** While this measure proposes a fuel tax exemption on fuel sold to an intra-island ferry operating between Lanai and Maui, it is questionable whether the proposed exemption alone will reduce the price of its operations to make it possible to operate on a regular basis. On the other hand, one has to question the precedent this proposal sets and begs a response for other intra-island modes of transportation.

Digested 1/29/08