
A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 SECTION 1. The legislature finds that current technology
2 in generating electric power allows for a variety of liquid
3 fuels. While diesel fuel and fuel oil are used in older
4 electric power generation technology, newer technology permits
5 the use of multiple types of liquid fuel, some of which were
6 previously used for transportation purposes, such as naphtha.

7 Upon finding that the State's highway tax law did not
8 specifically address naphtha when it is used for electric-power
9 generation, the legislature passed Act 103, Session Laws of
10 Hawaii 2007 (Act 103), that imposed a 1 cent per gallon tax on
11 naphtha when sold for use in a power-generating facility. The
12 provision imposing the 1 cent per gallon tax is scheduled to
13 sunset on December 31, 2009.

14 The purpose of this Act is to repeal the sunset provision
15 in Act 103 and make the 1 cent per gallon tax on naphtha
16 permanent.

1 SECTION 2. Act 103, Session Laws of Hawaii 2007, is
2 amended by amending section 5 to read as follows:

3 "SECTION 5. This Act shall take effect upon its approval;
4 provided that[÷

5 ~~(1) The amendments made to this Act to:~~

6 ~~(A) The definition of "power generating facility" in~~
7 ~~section 243-1, Hawaii Revised Statutes; and~~

8 ~~(B) Section 243-4(a), Hawaii Revised Statutes;~~
9 ~~shall be repealed on December 31, 2009, and section~~
10 ~~243-4(a), Hawaii Revised Statutes, shall be reenacted~~
11 ~~in the form in which it read on the day before the~~
12 ~~effective date of this Act; and~~

13 ~~(2) The] the rate of tax for naphtha as provided for in~~
14 ~~section 243-4(a) (3), Hawaii Revised Statutes, shall be~~
15 ~~effective retroactively and apply to any imposition of~~
16 ~~the fuel tax on naphtha sold for use in a power-~~
17 ~~generating facility."~~

18 SECTION 3. Statutory material to be repealed is bracketed
19 and stricken. New statutory material is underscored.

20 SECTION 4. This Act shall take effect on July 1, 2009.

Report Title:

Sunset; Naphtha Fuel Tax; Power Generation

Description:

Repeals the sunset provision relating to the 1 cent tax on naphtha fuel used in a power-generating facility. (SD1)