

JAN 23 2009

A BILL FOR AN ACT

RELATING TO CLEAN FUEL.

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

1 SECTION 1. Hawaii depends on imported petroleum for one
2 hundred per cent of its transportation energy needs, leaving the
3 State extremely vulnerable to an oil embargo, supply disruption,
4 or other energy emergency. Hawaii's energy security can be
5 increased by diversifying Hawaii's transportation fuel needs so
6 that the State will be more reliant on alternative and renewable
7 fuels and vehicles.

8 The legislature finds that imposing an additional tax on
9 vehicles that weigh more, and proportionally consume more
10 petroleum fuel, will benefit all citizens of Hawaii and address
11 energy security problems that will adversely affect the State.

12 The purpose of this Act is to:

13 (1) Increase the state vehicle excise tax on passenger
14 cars and pickup trucks weighing more than three
15 thousand five hundred pounds net weight up to and
16 including ten thousand pounds net weight;



1 (2) Allocate additional excise taxes received on each
 2 passenger car or pickup truck weighing over three
 3 thousand five hundred pounds net weight into a clean
 4 vehicle fund that will be made available as a rebate
 5 on clean fuel vehicles purchased in the State;

6 (3) Require the director of finance to develop and
 7 implement a plan to distribute the proceeds from the
 8 clean vehicle fund by December 31, 2011;

9 (4) Exempt clean fuel vehicles and electric vehicles from
 10 the state excise tax; and

11 (5) Define the term "clean fuel".

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

15 "§237- Clean fuel. (a) In addition to the tax levied
 16 in section 237-13(2) (A), there shall be an additional tax levied
 17 on the gross proceeds of sales of passenger cars and pickup
 18 trucks; provided that insofar as the sale of tangible personal
 19 property is a wholesale sale under section 237-4(a) (8) (B), the
 20 sale shall be subject to section 237-13.3, as follows:

21 (1) Upon every sale of a passenger car or pickup truck
 22 weighing over three thousand five hundred pounds net

1 weight, up to and including four thousand pounds net
2 weight there is likewise hereby levied, in addition to
3 the tax levied in section 237-13(2)(A), a tax
4 equivalent to two per cent of the gross proceeds of
5 sales of the business.

6 (2) Upon every sale of a passenger car or pickup truck
7 weighing over four thousand pounds net weight, up to
8 and including five thousand pounds net weight, there
9 is likewise hereby levied, in addition to the tax
10 levied in section 237-13(2)(A), a tax equivalent to
11 three per cent of the gross proceeds of sales of the
12 business.

13 (3) Upon every sale of a passenger car or pickup truck
14 weighing over five thousand pounds net weight up to
15 and including ten thousand pounds net weight, there is
16 likewise hereby levied, in addition to the tax levied
17 in section 237-13(2)(A), a tax equivalent to five per
18 cent of the gross proceeds of sales of the business.

19 (b) The tax levied in subsection (a) that is in addition
20 to the tax levied in section 237-13(2)(A) shall be collected and
21 deposited into a clean vehicle fund that shall be made available
22 as a rebate on vehicles that operate on clean fuel purchases



1 within the State. The director of finance is authorized and
2 shall develop and implement a plan to distribute the proceeds
3 from the clean vehicle fund by December 31, 2011.

4 (c) For the purposes of this section:

5 (1) "Clean fuel" means:

6 (A) Natural gas;

7 (B) Liquefied natural gas;

8 (C) Liquefied petroleum gas;

9 (D) Hydrogen;

10 (E) Electricity or hybrid driven; or

11 (F) Any other fuel at least eighty-five per cent of

12 which is one or more of the following: methanol,

13 ethanol, any other alcohol, or ether.

14 (2) "Passenger car" shall have the same meaning as that

15 term is defined under section 286-2.

16 (3) "Pickup truck" shall have the same meaning as that

17 term is defined under section 291-14(e)."

18 SECTION 3. Section 237-24, Hawaii Revised Statutes, is
19 amended to read as follows:

20 **"§237-24 Amounts not taxable.** This chapter shall not
21 apply to the following amounts:



- 1 (1) Amounts received under life insurance policies and
2 contracts paid by reason of the death of the insured;
- 3 (2) Amounts received (other than amounts paid by reason of
4 death of the insured) under life insurance, endowment,
5 or annuity contracts, either during the term or at
6 maturity or upon surrender of the contract;
- 7 (3) Amounts received under any accident insurance or
8 health insurance policy or contract or under workers'
9 compensation acts or employers' liability acts, as
10 compensation for personal injuries, death, or
11 sickness, including also the amount of any damages or
12 other compensation received, whether as a result of
13 action or by private agreement between the parties on
14 account of the personal injuries, death, or sickness;
- 15 (4) The value of all property of every kind and sort
16 acquired by gift, bequest, or devise, and the value of
17 all property acquired by descent or inheritance;
- 18 (5) Amounts received by any person as compensatory damages
19 for any tort injury to the person, or to the person's
20 character reputation, or received as compensatory
21 damages for any tort injury to or destruction of
22 property, whether as the result of action or by



- 1 private agreement between the parties (provided that
2 amounts received as punitive damages for tort injury
3 or breach of contract injury shall be included in
4 gross income);
- 5 (6) Amounts received as salaries or wages for services
6 rendered by an employee to an employer;
- 7 (7) Amounts received as alimony and other similar payments
8 and settlements;
- 9 (8) Amounts collected by distributors as fuel taxes on
10 "liquid fuel" imposed by chapter 243, and the amounts
11 collected by such distributors as a fuel tax imposed
12 by any Act of the Congress of the United States;
- 13 (9) Taxes on liquor imposed by chapter 244D on dealers
14 holding permits under that chapter;
- 15 (10) The amounts of taxes on cigarettes and tobacco
16 products imposed by chapter 245 on wholesalers or
17 dealers holding licenses under that chapter and
18 selling the products at wholesale;
- 19 (11) Federal excise taxes imposed on articles sold at
20 retail and collected from the purchasers thereof and
21 paid to the federal government by the retailer;



1 (12) The amounts of federal taxes under chapter 37 of the
2 Internal Revenue Code, or similar federal taxes,
3 imposed on sugar manufactured in the State, paid by
4 the manufacturer to the federal government;

5 (13) An amount up to, but not in excess of, \$2,000 a year
6 of gross income received by any blind, deaf, or
7 totally disabled person engaging, or continuing, in
8 any business, trade, activity, occupation, or calling
9 within the State; a corporation all of whose
10 outstanding shares are owned by an individual or
11 individuals who are blind, deaf, or totally disabled;
12 a general, limited, or limited liability partnership,
13 all of whose partners are blind, deaf, or totally
14 disabled; or a limited liability company, all of whose
15 members are blind, deaf, or totally disabled;

16 (14) Amounts received by a producer of sugarcane from the
17 manufacturer to whom the producer sells the sugarcane,
18 where:

19 (A) The producer is an independent cane farmer, so
20 classed by the Secretary of Agriculture under the
21 Sugar Act of 1948 (61 Stat. 922, Chapter 519) as
22 the Act may be amended or supplemented;



- 1 (B) The value or gross proceeds of sale of the sugar,
2 and other products manufactured from the
3 sugarcane, is included in the measure of the tax
4 levied on the manufacturer under section 237-
5 13(1) or (2);
- 6 (C) The producer's gross proceeds of sales are
7 dependent upon the actual value of the products
8 manufactured therefrom or the average value of
9 all similar products manufactured by the
10 manufacturer; and
- 11 (D) The producer's gross proceeds of sales are
12 reduced by reason of the tax on the value or sale
13 of the manufactured products;
- 14 (15) Money paid by the State or eleemosynary child-placing
15 organizations to foster parents for their care of
16 children in foster homes; [and]
- 17 (16) Amounts received by a cooperative housing corporation
18 from its shareholders in reimbursement of funds paid
19 by such corporation for lease rental, real property
20 taxes, and other expenses of operating and maintaining
21 the cooperative land and improvements; provided that
22 such a cooperative corporation is a corporation:



- 1 (A) Having one and only one class of stock
- 2 outstanding;
- 3 (B) Each of the stockholders of which is entitled
- 4 solely by reason of the stockholder's ownership
- 5 of stock in the corporation, to occupy for
- 6 dwelling purposes a house, or an apartment in a
- 7 building owned or leased by the corporation; and
- 8 (C) No stockholder of which is entitled (either
- 9 conditionally or unconditionally) to receive any
- 10 distribution not out of earnings and profits of
- 11 the corporation except in a complete or partial
- 12 liquidation of the corporation[-]; and
- 13 (17) Amounts received from the sale of a passenger car or
- 14 pickup truck that:
- 15 (A) Is operated by "clean fuel" as that term is
- 16 defined in section 237- (c) (1); and
- 17 (B) Obtains at least forty miles per gallon for a
- 18 passenger vehicle (passenger car) or at least
- 19 thirty miles per gallon for a light truck (pickup
- 20 truck) based on federal Environmental Protection
- 21 Agency combined ratings; or
- 22 (C) Is used for commercial or agricultural purposes.



S.B. NO. 457

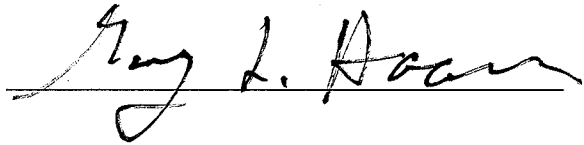
1 For the purposes of this paragraph, the term
2 "passenger car" shall have the same meaning as that
3 term is defined under section 286-2, and the term
4 "pickup truck" shall have the same meaning as that
5 term is defined under section 291-14(e)."

6 SECTION 4. Statutory material to be repealed is bracketed
7 and stricken. New statutory material is underscored.

8 SECTION 5. This Act, upon its approval, shall apply to
9 taxable years beginning after December 31, 2008.

10

INTRODUCED BY:



Report Title:

General Excise Tax; Clean Fuel

Description:

Provides a tax incentive for the purchase of passenger vehicles or light trucks that operate on clean fuels.

