

JAN 23 2009

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

12           The purpose of this Act is to:

13           (1) Increase the general excise tax on passenger cars and  
14 pickup trucks weighing over four thousand pounds net  
15 weight up to and including ten thousand pounds net  
16 weight;



- 1           (2) Allocate the additional general excise taxes collected
- 2                   on each passenger car or pickup truck weighing over
- 3                   four thousand pounds net weight into a clean vehicle
- 4                   fund that will be made available for rebates on clean
- 5                   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, 2009;
- 9           (4) Exempt clean fuel vehicles and electric vehicles from
- 10                   imposition of the general excise tax; and
- 11           (5) Define the term "clean fuel".

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

15           "§237-     Surcharge on vehicle net weight; clean vehicle  
16 fund. (a) In addition to the tax levied in section 237-  
17 13(2)(A), there shall be an additional tax levied on the gross  
18 proceeds of sales of passenger cars and pickup trucks as  
19 follows; provided that insofar as the sale of tangible personal  
20 property is at wholesale under section 237-4(a)(8)(B), the sale  
21 shall be subject to section 237-13.3. Upon every sale of a  
22 passenger car or pickup truck:



1       (1) Weighing over four thousand pounds net weight, up to  
2       and including five thousand pounds net weight, there  
3       shall be levied a tax equivalent to one per cent of  
4       the gross proceeds of sales; and

5       (2) Weighing over five thousand pounds net weight, up to  
6       and including ten thousand pounds net weight, there  
7       shall be levied a tax equivalent to two per cent of  
8       the gross proceeds of sales;

9       provided that this section shall not apply to a passenger car or  
10      pickup truck that is used solely for commercial or agricultural  
11      purposes.

12       (b) The tax shall be collected and deposited into a clean  
13      vehicle fund that shall be used to provide rebates on vehicles  
14      that operate on clean fuel. The director of finance is  
15      authorized and shall develop and implement a plan to distribute  
16      the proceeds from the clean vehicle fund by December 31, 2009.

17       (c) For the purposes of this section:

18       (1) "Clean fuel" means:

19           (A) Natural gas;

20           (B) Liquefied natural gas;

21           (C) Liquefied petroleum gas;

22           (D) Hydrogen;



- 1           (E) Electricity or hybrid driven; or
- 2           (F) Any other fuel at least eighty-five per cent of
- 3           which consists of one or more of the following:
- 4           methanol, ethanol, any other alcohol, or ether.

5           (2) "Passenger car" shall have the same definition as  
6           under section 286-2.

7           (3) "Pickup truck" shall have the same definition as under  
8           section 291-14(e).

9           (d) The department shall adopt rules to effectuate the  
10          purposes of this section pursuant to chapter 91, which shall  
11          include criteria to determine the vehicles that qualify as  
12          commercial or agricultural vehicles.

13          §237-    Clean fuel special fund; established. There is  
14          established a clean vehicle special fund, into which shall be  
15          deposited fees collected under section 237-    ."

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

18          "§237-24 Amounts not taxable. This chapter shall not  
19          apply to the following amounts:

- 20           (1) Amounts received under life insurance policies and
- 21           contracts paid by reason of the death of the insured;



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



- 1 or breach of contract injury shall be included in  
2 gross income);
- 3 (6) Amounts received as salaries or wages for services  
4 rendered by an employee to an employer;
- 5 (7) Amounts received as alimony and other similar payments  
6 and settlements;
- 7 (8) Amounts collected by distributors as fuel taxes on  
8 "liquid fuel" imposed by chapter 243, and the amounts  
9 collected by such distributors as a fuel tax imposed  
10 by any Act of the Congress of the United States;
- 11 (9) Taxes on liquor imposed by chapter 244D on dealers  
12 holding permits under that chapter;
- 13 (10) The amounts of taxes on cigarettes and tobacco  
14 products imposed by chapter 245 on wholesalers or  
15 dealers holding licenses under that chapter and  
16 selling the products at wholesale;
- 17 (11) Federal excise taxes imposed on articles sold at  
18 retail and collected from the purchasers thereof and  
19 paid to the federal government by the retailer;
- 20 (12) The amounts of federal taxes under chapter 37 of the  
21 Internal Revenue Code, or similar federal taxes,



1 imposed on sugar manufactured in the State, paid by  
2 the manufacturer to the federal government;

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

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

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

21 (B) The value or gross proceeds of sale of the sugar,  
22 and other products manufactured from the



1            sugarcane, is included in the measure of the tax  
2            levied on the manufacturer under section 237-  
3            13(1) or (2);

4            (C) The producer's gross proceeds of sales are  
5            dependent upon the actual value of the products  
6            manufactured therefrom or the average value of  
7            all similar products manufactured by the  
8            manufacturer; and

9            (D) The producer's gross proceeds of sales are  
10           reduced by reason of the tax on the value or sale  
11           of the manufactured products;

12           (15) Money paid by the State or eleemosynary child-placing  
13           organizations to foster parents for their care of  
14           children in foster homes; and

15           (16) Amounts received by a cooperative housing corporation  
16           from its shareholders in reimbursement of funds paid  
17           by such corporation for lease rental, real property  
18           taxes, and other expenses of operating and maintaining  
19           the cooperative land and improvements; provided that  
20           such a cooperative corporation is a corporation:

21           (A) Having one and only one class of stock  
22           outstanding;





1 (B) Each of the stockholders of which is entitled  
 2 solely by reason of the stockholder's ownership  
 3 of stock in the corporation, to occupy for  
 4 dwelling purposes a house, or an apartment in a  
 5 building owned or leased by the corporation; and

6 (C) No stockholder of which is entitled (either  
 7 conditionally or unconditionally) to receive any  
 8 distribution not out of earnings and profits of  
 9 the corporation except in a complete or partial  
 10 liquidation of the corporation[-]; and

11 (17) Amounts received from the sale of a passenger car as  
 12 that term is defined in section 286-2, or a pickup  
 13 truck as that term is defined in section 291-14(e)  
 14 that:

15 (A) Is operated by clean fuel as that term is defined  
 16 in section 237- ; and

17 (B) Obtains at least forty miles per gallon for a  
 18 passenger car or at least thirty miles per gallon  
 19 for a pickup truck based on federal Environmental  
 20 Protection Agency combined ratings."

21 SECTION 4. Statutory material to be repealed is bracketed  
 22 and stricken. New statutory material is underscored.



1 SECTION 5. This Act shall take effect on July 1, 2009.

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INTRODUCED BY:

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**Report Title:**

Additional General Excise Tax; Clean Fuel Tax Exemption

**Description:**

Authorizes an additional general excise tax on sale proceeds of vehicles having a net weight over a specified amount and provides a general excise tax exemption for the purchase of passenger vehicles or light trucks that operate on clean fuels. Establishes a clean vehicle special fund.

