
A BILL FOR AN ACT

RELATING TO TRANSPORTATION OF SCHOOL CHILDREN.

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

1 SECTION 1. The purpose of this Act is to:

2 (1) Increase the state fuel tax and direct a portion of
3 the state fuel tax revenue into the school
4 transportation revolving fund; and

5 (2) Require the department of education to provide or
6 subsidize the cost of suitable transportation to and
7 from school for children in kindergarten to grade
8 twelve or in special education classes who attend
9 public schools, except public schools in the Honolulu
10 departmental district, using school transportation
11 revolving funds; and

12 (3) Allow the department of education to provide or
13 subsidize the cost of suitable transportation to and
14 from school and for educational field trips for all
15 children in kindergarten to grade twelve or in special
16 education classes, with any remaining available funds

1 using any remaining school transportation revolving
2 funds.

3 SECTION 2. Section 243-4, Hawaii Revised Statutes, is
4 amended by amending subsection (a) to read as follows:

5 "(a) Every distributor, in addition to any other taxes
6 provided by law, shall pay a license tax to the department of
7 taxation for each gallon of liquid fuel refined, manufactured,
8 produced, or compounded by the distributor and sold or used by
9 the distributor in the State or imported by the distributor, or
10 acquired by the distributor from persons who are not licensed
11 distributors, and sold or used by the distributor in the State.
12 Any person who sells or uses any liquid fuel, knowing that the
13 distributor from whom it was originally purchased has not paid
14 and is not paying the tax thereon, shall pay such tax as would
15 have applied to such sale or use by the distributor. The rates
16 of tax imposed are as follows:

- 17 (1) For each gallon of diesel oil, 2 cents;
- 18 (2) For each gallon of gasoline or other aviation fuel
19 sold for use in or used for airplanes, 2 cents;
- 20 (3) For each gallon of naphtha sold for use in a
21 power-generating facility, 2 cents;

1 (4) For each gallon of liquid fuel, other than fuel
2 mentioned in paragraphs (1), (2), and (3), and other
3 than an alternative fuel, sold or used in the city and
4 county of Honolulu, or sold in any county for ultimate
5 use in the city and county of Honolulu, [~~17~~] _____
6 cents state tax, and in addition thereto an amount, to
7 be known as the "city and county of Honolulu fuel
8 tax", as shall be levied pursuant to section 243-5;

9 (5) For each gallon of liquid fuel, other than fuel
10 mentioned in paragraphs (1), (2), and (3), and other
11 than an alternative fuel, sold or used in the county
12 of Hawaii, or sold in any county for ultimate use in
13 the county of Hawaii, [~~17~~] _____ cents state tax, and
14 in addition thereto an amount, to be known as the
15 "county of Hawaii fuel tax", as shall be levied
16 pursuant to section 243-5;

17 (6) For each gallon of liquid fuel, other than fuel
18 mentioned in paragraphs (1), (2), and (3), and other
19 than an alternative fuel, sold or used in the county
20 of Maui, or sold in any county for ultimate use in the
21 county of Maui, [~~17~~] _____ cents state tax, and in
22 addition thereto an amount, to be known as the "county

1 of Maui fuel tax", as shall be levied pursuant to
2 section 243-5; and

3 (7) For each gallon of liquid fuel, other than fuel
4 mentioned in paragraphs (1), (2), and (3), and other
5 than an alternative fuel, sold or used in the county
6 of Kauai, or sold in any county for ultimate use in
7 the county of Kauai, [~~17~~] _____ cents state tax, and
8 in addition thereto an amount, to be known as the
9 "county of Kauai fuel tax", as shall be levied
10 pursuant to section 243-5.

11 If it is shown to the satisfaction of the department, based
12 upon proper records and from any other evidence as the
13 department may require, that liquid fuel, other than fuel
14 mentioned in paragraphs (1), (2), and (3), is used for
15 agricultural equipment that does not operate upon the public
16 highways of the State, the user thereof may obtain a refund of
17 all taxes thereon imposed by this section in excess of 1 cent
18 per gallon. The department shall adopt rules to administer such
19 refunds."

20 SECTION 3. Section 243-6, Hawaii Revised Statutes, is
21 amended to read as follows:

1 "§243-6 [~~Fuel~~] State and county fuel taxes, dispositions.

2 (a) The "city and county of Honolulu fuel tax" shall be paid by
3 the department of taxation into the state treasury, and shall,
4 by the state director of finance, be paid over to the director
5 of finance of the city and county of Honolulu for deposit into
6 the fund known as the "highway fund" created by section 249-18.

7 The "county of Kauai fuel tax" shall be paid by the
8 department into the state treasury, and shall, by the state
9 director of finance, be paid over to the director of finance of
10 the county of Kauai for deposit into the fund known as the
11 "highway fund" created by section 249-18.

12 The "county of Hawaii fuel tax" shall be paid by the
13 department into the state treasury, and shall, by the state
14 director of finance, be paid over to the director of finance of
15 the county of Hawaii for deposit into the fund known as the
16 "highway fund" created by section 249-18.

17 The "county of Maui fuel tax" collected on account of
18 liquid fuel sold or used on the island of Lanai or sold
19 elsewhere for ultimate use on the island of Lanai, shall be paid
20 by the department into the state treasury, and shall, by the
21 state director of finance, be paid over to the director of
22 finance of the county of Maui for deposit into the fund known as

1 the "highway fund" created by section 249-18, for expenditure on
2 the island of Lanai. The "county of Maui fuel tax" collected on
3 account of liquid fuel sold or used on the island of Molokai or
4 sold elsewhere for ultimate use on the island of Molokai, shall
5 be paid by the department into the state treasury, and shall, by
6 the state director of finance, be paid over to the director of
7 finance of the county of Maui for deposit into the fund known as
8 the "highway fund" created by section 249-18, for expenditure on
9 the island of Molokai. The remainder of the "county of Maui
10 fuel tax" shall be paid by the department into the state
11 treasury, and shall, by the state director of finance, be paid
12 over to the director of finance of the county of Maui for
13 deposit into the fund known as the "highway fund" created by
14 section 249-18.

15 Each of the foregoing taxes shall be expended for the
16 following purposes, for the island for which the tax revenue is
17 specially indicated, or, if none, for the county for which the
18 tax revenue is indicated:

19 (1) For payment of interest on and redemption of any bonds
20 duly issued or sold on or after July 1, 1951, under
21 chapter 47 for the financing or aiding in financing
22 the construction of county highway tunnels, approach

1 roads thereto, and highways. Such payments of
2 interest and principal on the bonds when due, shall be
3 first charges on such moneys so deposited in the fund.

4 (2) For acquisition, designing, construction,
5 reconstruction, improvement, repair, and maintenance
6 of county main and general thoroughfares, highways,
7 and other streets, street lights, storm drains, and
8 bridges, including costs of new land therefor, when
9 expenditures for the foregoing purposes cannot be
10 financed under state-federal aid projects.

11 (3) In the case of the city and county of Honolulu, for
12 payment of the city and county's share in an
13 improvement district initiated by the city and county
14 for an improvement listed in (2) above which is
15 permitted to be constructed in the city and county.

16 (4) For the construction of county highway tunnels,
17 overpasses, underpasses, and bridges, where such
18 improvement cannot be made under state-federal aid
19 projects.

20 (5) For purposes and functions connected with county
21 traffic control and preservation of safety upon the
22 public highways and streets.

- 1 (6) For purposes and functions in connection with mass
2 transit.
- 3 (7) For acquisition, design, construction, improvement,
4 repair, and maintenance of bikeways.
- 5 (8) No expenditure shall be made, out of the revenues paid
6 into any such fund, which will jeopardize federal aid
7 for highway construction.
- 8 (b) For each gallon of liquid fuel for which state license
9 taxes are collected pursuant to section 243-4(a)(4), (5), (6),
10 and (7), _____ cents of the state tax collected shall be paid by
11 the department of taxation into the school transportation
12 revolving fund established under section 302A-407.5. The
13 remaining portion of the state tax collected shall be deposited
14 by the department of taxation as provided in section 248-8."

15 SECTION 4. Section 248-8, Hawaii Revised Statutes, is
16 amended to read as follows:

17 "**§248-8 Special funds in treasury of State.** There are
18 created in the treasury of the State three special funds to be
19 known, respectively, as the state highway fund, the airport
20 revenue fund, and the boating special fund. ~~[All]~~ Except for
21 that portion of state tax collected pursuant to section
22 243-4(a)(4), (5), (6), and (7), that shall be deposited into the

1 school transportation revolving fund as provided in section
2 243-6(b), all other taxes collected under chapter 243 in each
3 calendar year, except the "county of Hawaii fuel tax", "city and
4 county of Honolulu fuel tax", "county of Maui fuel tax", and
5 "county of Kauai fuel tax", shall be deposited in the state
6 highway fund; provided that:

7 (1) All taxes collected under chapter 243 with respect to
8 gasoline or other aviation fuel sold for use in or
9 used for airplanes shall be set aside in the airport
10 revenue fund; and

11 (2) All taxes collected under chapter 243 with respect to
12 liquid fuel sold for use in or used for small boats
13 shall be deposited in the boating special fund.

14 As used in this section, "small boats" means all vessels
15 and other watercraft except those operated in overseas
16 transportation beyond the State, and ocean-going tugs and
17 dredges. The chairperson of the board of land and natural
18 resources, from July 1, 1992, and every three years thereafter,
19 shall establish standards or formulas that will as equitably as
20 possible establish the total taxes collected under chapter 243
21 in each fiscal year that are derived from the sale of liquid

1 fuel for use in or used for small boats. The amount so
2 determined shall be deposited in the boating special fund.

3 An amount equal to 0.3 per cent of the highway fuel tax but
4 not more than \$250,000 collected under chapter 243 shall be
5 allocated each fiscal year to the special land and development
6 fund for purposes of the management, maintenance, and
7 development of trails and trail accesses under the jurisdiction
8 of the department of land and natural resources established
9 under section 198D-2."

10 SECTION 5. Section 302A-406, Hawaii Revised Statutes, is
11 amended to read as follows:

12 "~~[+]§302A-406[+]~~ **Transportation of school children.** (a)
13 ~~[The] To the extent that funds are appropriated for the purposes~~
14 ~~of this subsection or available in the school transportation~~
15 ~~revolving fund for the purposes of this subsection, the~~
16 department ~~[may]~~ shall provide or subsidize the cost of suitable
17 transportation to and from school ~~[and for educational field~~
18 ~~trips]~~ for ~~[all]~~ children in ~~[grades]~~ kindergarten to grade
19 twelve and in special education classes~~[. The department shall~~
20 ~~adopt such policy, procedure, and program as it deems necessary~~
21 ~~to provide suitable transportation. In formulating the policy,~~
22 ~~procedure, and program, the department shall consider the school~~

1 ~~district; the school attendance area in which a school child~~
2 ~~normally resides; the distance the school child lives from the~~
3 ~~school; the availability of public carriers or other means of~~
4 ~~transportation; the frequency, regularity, and availability of~~
5 ~~public transportation; and the grade level, physical handicap,~~
6 ~~or special learning disability of a school child, and it may~~
7 ~~also consider such conditions and circumstances unique or~~
8 ~~peculiar to a county or area.] who attend public schools, except
9 public schools located within the third departmental district
10 (Honolulu), as designated in section 13-1(d).~~

11 (b) To the extent that there are funds remaining in the
12 school transportation revolving fund after the amount necessary
13 for the purposes of subsection (a) is expended, the department
14 may provide or subsidize the cost of suitable transportation to
15 and from school and for educational field trips for all children
16 in kindergarten to grade twelve and in special education
17 classes.

18 ~~(b)~~ (c) The department shall adopt rules under chapter
19 91 governing the supervision and administration of the
20 transportation of school children under this section. In
21 formulating rules, policies, procedures, and programs to
22 effectuate this section, the department shall consider the

1 school district; the school attendance area in which a school
2 child normally resides; the distance the school child lives from
3 the school; the availability and cost of public carriers or
4 other means of transportation; the frequency, regularity, and
5 availability of public transportation; and the grade level,
6 physical handicap, or special learning disability of a school
7 child, and it may also consider such conditions and
8 circumstances unique or peculiar to a county or area."

9 SECTION 6. Section 302A-407, Hawaii Revised Statutes, is
10 amended by amending subsection (f) to read as follows:

11 "(f) All moneys received from students and parents or
12 guardians of students by public schools for state-provided
13 school [~~busing~~] transportation services, as authorized by
14 section 302A-406, if any, shall be deposited into the school
15 [~~bus-fare~~] transportation revolving fund. Except as otherwise
16 provided by the legislature, expenditures for the operation of
17 state-contracted school [~~bus~~] transportation services, as
18 authorized by section 302A-406, shall be made from this fund."

19 SECTION 7. Section 302A-407.5, Hawaii Revised Statutes, is
20 amended to read as follows:

21 "~~§~~**302A-407.5**~~§~~ **School [~~bus-fare~~] transportation**
22 **revolving fund.** (a) There is established in the state treasury

1 the school [~~bus fare~~] transportation revolving fund, into which
2 shall be deposited:

3 (1) [all] All moneys received from students and parents or
4 guardians of students by public schools for state-
5 provided school [~~busing~~] transportation services, as
6 authorized by section 302A-406[~~-~~];

7 (2) That portion of moneys received from state fuel taxes,
8 as authorized by section 243-6; and

9 (3) All other moneys appropriated for school
10 transportation services.

11 (b) Except as otherwise provided by the legislature,
12 moneys in the school [~~bus fare~~] transportation revolving fund
13 shall be used for school [~~busing~~] transportation costs and
14 services, as authorized by section 302A-406."

15 SECTION 8. Statutory material to be repealed is bracketed
16 and stricken. New statutory material is underscored.

17 SECTION 9. This Act shall take effect upon its approval;
18 provided that the amendments made to section 243-4, Hawaii
19 Revised Statutes, by section 2 of this Act shall not be repealed
20 when that section is reenacted on December 31, 2012, by
21 section 3 of Act 198, Session Laws of Hawaii 2009.

22

Report Title:

Transportation; School Children; Fuel Tax

Description:

Requires the DOE to provide or subsidize the cost of suitable transportation to and from school for K-12 students or students in special education classes at public schools, except those in the Honolulu departmental district. Increases the fuel tax to finance the cost of providing or subsidizing the cost of school transportation. (SD1)

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