

JAN 22 2009

A BILL FOR AN ACT

RELATING TO INTRA-COUNTY FERRY SERVICE.

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

1 SECTION 1. The legislature finds that the residents of
2 West Maui are served by only one highway and one small airport.
3 Residents on the island of Lanai have only one feasible means of
4 transport to Maui - by intra-county ferry from Lanai to
5 Lahaina. However, the Lahaina small boat harbor is already
6 overused and is shared by commercial fishing activities and
7 cruise ships that add to already congested surface traffic.

8 The legislature finds that an alternate ferry route from
9 Lanai to Maalaea harbor will:

- 10 (1) Provide more convenient travel for the residents of
11 Lanai and West Maui;
- 12 (2) Ease the congestion in and around Lahaina and its boat
13 harbor; and
- 14 (3) Make emergency ferry operations out of Lahaina a
15 feasible reality as a component of an emergency
16 transportation system should the only highway in West
17 Maui be closed.



1 However, any ferry route to and from Maalaea harbor and Lahaina
2 requires priority assigning of mooring space. In addition, the
3 added fuel costs of this route would require an exemption from
4 the general excise and fuel tax for fuel purchases for the ferry
5 service.

6 The purpose of this Act is to provide:

- 7 (1) Priority assignment of mooring space for a new ferry
8 route from Maalaea harbor to Lahaina;
- 9 (2) An exemption of the proceeds from the sale of liquid
10 fuels consumed in the operation of certain intra-
11 county ferry services from the general excise tax; and
- 12 (3) An exemption for fuel purchases for certain intra-
13 county ferry services from the fuel tax.

14 SECTION 2. Any other law to the contrary notwithstanding,
15 the department of land and natural resources shall assign
16 priority mooring space to any intra-county ferry service
17 regulated by the public utilities commission that serves a
18 county:

- 19 (1) With a population of less than five hundred thousand
20 residents; and
- 21 (2) That includes at least three islands inhabited by
22 permanent residents.



1 SECTION 3. Chapter 237, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:

4 "§237- Exemption for sale of liquid fuel for intra-
5 county ferries operations. (a) There is exempted from, and
6 excluded from the measure of, the taxes imposed by this chapter
7 all of the value or gross proceeds arising from the sale of
8 liquid fuel consumed in the operation of an intra-county ferry
9 service that serves a county with a population of less than
10 500,000 and that includes at least three islands inhabited by
11 permanent residents.

12 (b) For purposes of this section "liquid fuel" shall have
13 the same meaning as defined in section 243-1."

14 SECTION 4. Section 243-7, Hawaii Revised Statutes, is
15 amended to read as follows:

16 "§243-7 Tax not applicable, when. (a) This chapter
17 requiring the payment of license fees shall not be held or
18 construed to apply to fuel imported into the State in interstate
19 or foreign commerce while and so long as such fuel is beyond the
20 taxing power of the State, nor to any such fuel exported or sold
21 to the government of the United States or any department thereof
22 for official use of the government, nor to any fuel exported or



1 sold to another licensed distributor; but every distributor
 2 shall be required to report such imports, exports, and sales as
 3 provided by this chapter and in such detail as the department of
 4 taxation shall require.

5 (b) This chapter shall also not apply to the sale of
 6 liquid fuel sold or used in the State for ultimate use by an
 7 intra-county ferry service that serves a county with a
 8 population of less than five hundred thousand residents and that
 9 includes at least three islands inhabited by permanent
 10 residents."

11 SECTION 5. New statutory material is underscored.

12 SECTION 6. This Act shall take effect on July 1, 2009.

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INTRODUCED BY:

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Report Title:

Intra-county Ferry; Mooring Space Priority; Fuel Tax; General Excise Tax

Description:

Requires the department of land and natural resources to assign priority mooring space to intra-county ferries serving a county with 500,000 or less people and at least three islands inhabited by permanent resident. Exempts proceeds from sale of liquid fuel to intra-county ferry operations from general excise tax. Exempts distributors from fuel tax for fuel sold for ultimate use by the intra-county ferry service.

