

JAN 23 2009

A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 SECTION 1. Section 243-4, Hawaii Revised Statutes, is
2 amended by amending subsection (a) to read as follows:

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

15 (1) For each gallon of diesel oil, 2 cents[+], except for
16 diesel oil sold for use in electric power generation
17 by a power-generating facility regulated by the public



1 utilities commission, 1 cent; provided that each
2 entity that uses diesel oil in a power-generating
3 facility shall certify annually to the public
4 utilities commission, on a form to be supplied by the
5 commission, that the reduced rate paid by the entity
6 under this paragraph reduces costs to ratepayers;

7 (2) For each gallon of gasoline or other aviation fuel
8 sold for use in or used for airplanes, 2 cents;

9 (3) For each gallon of naphtha sold for use in a
10 power-generating facility, 1 cent;

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

19 (5) For each gallon of liquid fuel, other than fuel
20 mentioned in paragraphs (1), (2), and (3), and other
21 than an alternative fuel, sold or used in the county
22 of Hawaii, or sold in any county for ultimate use in



1 the county of Hawaii, 17 cents state tax, and in
2 addition thereto an amount, to be known as the "county
3 of Hawaii fuel tax", as shall be levied pursuant to
4 section 243-5;

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

13 (7) For each gallon of liquid fuel, other than fuel
14 mentioned in paragraphs (1), (2), and (3), and other
15 than an alternative fuel, sold or used in the county
16 of Kauai, or sold in any county for ultimate use in
17 the county of Kauai, 17 cents state tax, and in
18 addition thereto an amount, to be known as the "county
19 of Kauai fuel tax", as shall be levied pursuant to
20 section 243-5.

21 If it is shown to the satisfaction of the department, based
22 upon proper records and from any other evidence as the



1 department may require, that liquid fuel, other than fuel
 2 mentioned in paragraphs (1), (2), and (3), is used for
 3 agricultural equipment that does not operate upon the public
 4 highways of the State, the user thereof may obtain a refund of
 5 all taxes thereon imposed by this section in excess of 1 cent
 6 per gallon. The department shall adopt rules to administer such
 7 refunds."

8 SECTION 2. Statutory material to be repealed is bracketed
 9 and stricken. New statutory material is underscored.

10 SECTION 3. This Act, upon its approval, shall apply to
 11 taxable years beginning after December 31, 2008; provided that
 12 the amendments made by this Act to section 243-4(a), Hawaii
 13 Revised Statutes, shall not be repealed when that section is
 14 repealed and reenacted pursuant to Act 103, Session Laws of
 15 Hawaii 2007.

INTRODUCED BY:

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Report Title:

Diesel Fuel; Additional One Cent License Tax; Power Generation

Description:

Clarifies that the additional one cent license tax added to diesel fuel is not applicable to diesel oil that is sold for use in electric power generation by a power-generating facility.

