
A BILL FOR AN ACT

RELATING TO FUEL TAXATION.

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

1 SECTION 1. Section 243-4, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "**§243-4 License taxes.** (a) Every distributor, in
4 addition to any other taxes provided by law, shall pay a license
5 tax to the department of taxation for each gallon of liquid fuel
6 refined, manufactured, produced, or compounded by the
7 distributor and sold or used by the distributor in the State or
8 imported by the distributor, or acquired by the distributor from
9 persons who are not licensed distributors, and sold or used by
10 the distributor in the State. Any person who sells or uses any
11 liquid fuel, knowing that the distributor from whom it was
12 originally purchased has not paid and is not paying the tax
13 thereon, shall pay such tax as would have applied to such sale
14 or use by the distributor. The rates of tax imposed are as
15 follows:

- 16 (1) For each gallon of diesel oil, 2 cents;
17 (2) For each gallon of gasoline or other aviation fuel
18 sold for use in or used for airplanes, 2 cents;



- 1 (3) For each gallon of naphtha sold for use in a power-
2 generating facility, 2 cents;
- 3 (4) 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 city and
6 county of Honolulu, or sold in any county for ultimate
7 use in the city and county of Honolulu, [~~17 cents~~
8 ~~state tax,~~] a tax of _____ per cent of the weighted
9 wholesale price per gallon of gasoline, and in
10 addition thereto an amount, to be known as the "city
11 and county of Honolulu fuel tax", as shall be levied
12 pursuant to section 243-5;
- 13 (5) 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 Hawaii, or sold in any county for ultimate use in
17 the county of Hawaii, [~~17 cents state tax,~~] a tax of
18 _____ per cent of the weighted wholesale price per
19 gallon of gasoline, and in addition thereto an amount,
20 to be known as the "county of Hawaii fuel tax", as
21 shall be levied pursuant to section 243-5;



- 1 (6) 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 county
4 of Maui, or sold in any county for ultimate use in the
5 county of Maui, [~~17 cents state tax,~~] a tax of per
6 cent of the weighted wholesale price per gallon of
7 gasoline, and in addition thereto an amount, to be
8 known as the "county of Maui fuel tax", as shall be
9 levied pursuant to section 243-5; and
- 10 (7) For each gallon of liquid fuel, other than fuel
11 mentioned in paragraphs (1), (2), and (3), and other
12 than an alternative fuel, sold or used in the county
13 of Kauai, or sold in any county for ultimate use in
14 the county of Kauai, [~~17 cents state tax,~~] a tax of
15 per cent of the weighted wholesale price per
16 gallon of gasoline, and in addition thereto an amount,
17 to be known as the "county of Kauai fuel tax", as
18 shall be levied pursuant to section 243-5.

19 If it is shown to the satisfaction of the department, based
20 upon proper records and from any other evidence as the
21 department may require, that liquid fuel, other than fuel
22 mentioned in paragraphs (1), (2), and (3), is used for



1 agricultural equipment that does not operate upon the public
2 highways of the State, the user thereof may obtain a refund of
3 all taxes thereon imposed by this section in excess of 1 cent
4 per gallon. The department shall adopt rules to administer such
5 refunds.

6 (b) For purposes of subsection (a), the weighted wholesale
7 price per gallon of gasoline shall be determined by the public
8 utilities commission on a monthly basis and shall be equal to
9 the sum of the amounts derived in paragraphs (1), (2), and (3),
10 divided by the total number of gallons of all three grades of
11 gasoline sold:

12 (1) The average wholesale price per gallon of regular
13 unleaded gasoline sold statewide during the month
14 multiplied by the number of gallons of regular
15 unleaded gasoline sold;

16 (2) The average wholesale price per gallon of mid-grade
17 gasoline sold statewide during the month multiplied by
18 the number of gallons of mid-grade gasoline sold; and

19 (3) The average wholesale price per gallon of premium
20 gasoline sold statewide during the month multiplied by
21 the number of gallons of premium gasoline sold.



1 [~~(b)~~] (c) Every distributor of diesel oil, in addition to
2 the tax required by subsection (a), shall pay a license tax to
3 the department for each gallon of diesel oil sold or used by the
4 distributor for operating a motor vehicle or motor vehicles upon
5 public highways of the State. The rates of the additional tax
6 imposed are as follows:

7 (1) For each gallon of diesel oil sold or used in the city
8 and county of Honolulu, or sold in any other county
9 for ultimate use in the city and county of Honolulu,
10 [~~15 cents state tax,~~] a tax of per cent of the
11 average wholesale price per gallon of diesel oil, and
12 in addition thereto an amount, to be known as the
13 "city and county of Honolulu fuel tax", as shall be
14 levied pursuant to section 243-5;

15 (2) For each gallon of diesel oil sold or used in the
16 county of Hawaii, or sold in any other county for
17 ultimate use in the county of Hawaii, [~~15 cents state~~
18 ~~tax,~~] a tax of per cent of the average wholesale
19 price per gallon of diesel oil, and in addition
20 thereto an amount, to be known as the "county of
21 Hawaii fuel tax", as shall be levied pursuant to
22 section 243-5;



1 (3) For each gallon of diesel oil sold or used in the
2 county of Maui, or sold in any other county for
3 ultimate use in the county of Maui, [~~15 cents state~~
4 ~~tax,~~] a tax of per cent of the average wholesale
5 price per gallon of diesel oil, and in addition
6 thereto an amount, to be known as the "county of Maui
7 fuel tax", as shall be levied pursuant to section 243-
8 5; and

9 (4) For each gallon of diesel oil sold or used in the
10 county of Kauai, or sold in any other county for
11 ultimate use in the county of Kauai, [~~15 cents state~~
12 ~~tax,~~] a tax of per cent of the average wholesale
13 price per gallon of diesel oil, and in addition
14 thereto an amount, to be known as the "county of Kauai
15 fuel tax", as shall be levied pursuant to section 243-
16 5.

17 If any user of diesel oil furnishes a certificate, in a
18 form that the department shall prescribe, to the distributor or
19 if the distributor who uses diesel oil signs the certificate,
20 certifying that the diesel oil is for use in operating a motor
21 vehicle or motor vehicles in areas other than upon the public
22 highways of the State, the tax as provided in paragraphs (1) to



1 (4) shall not be applicable. If a certificate is not or cannot
2 be furnished and the diesel oil is in fact for use for operating
3 a motor vehicle or motor vehicles in areas other than upon
4 public highways of the State, the user thereof may obtain a
5 refund of all taxes thereon imposed by the foregoing paragraphs.
6 The department shall adopt rules to administer the refunding of
7 such taxes.

8 (d) For purposes of subsection (c), the average wholesale
9 price per gallon of diesel oil shall be determined by the public
10 utilities commission on a monthly basis.

11 [~~e~~] (e) The tax shall not be collected in respect to
12 any benzol, benzene, toluol, xylol, or alternative fuel sold for
13 use other than for operating internal combustion engines. With
14 respect to these products, other than alternative fuels, the
15 department, by rule, shall provide for the reporting and payment
16 of the tax and for the keeping of records in such a manner as to
17 collect, for each gallon of each product sold for use in
18 internal combustion engines for the generation of power, or so
19 used, the same tax or taxes as apply to each gallon of diesel
20 oil. With respect to alternative fuels, the only tax collected
21 shall be that provided in paragraphs (1), (2), and (3) [~~of this~~



1 ~~subsection]~~. This subsection shall not apply to aviation fuel
2 sold for use in or used for airplanes.

3 (1) Every distributor of any alternative fuel for
4 operation of an internal combustion engine shall pay a
5 license tax to the department of one-quarter of 1 cent
6 for each gallon of alternative fuel sold or used by
7 the distributor;

8 (2) Every distributor, in addition to the tax required
9 under paragraph (1) [~~of this subsection]~~, shall pay a
10 license tax to the department for each gallon of
11 alternative fuel sold or used by the distributor for
12 operating a motor vehicle or motor vehicles upon the
13 public highways of the State at a rate proportional to
14 that of the rates applicable to diesel oil in
15 subsection (c), rounded to the nearest one-tenth of a
16 cent, as follows:

- 17 (A) Ethanol, 0.145 times the rate for diesel;
18 (B) Methanol, 0.11 times the rate for diesel;
19 (C) Biodiesel, 0.25 times the rate for diesel;
20 (D) Liquefied petroleum gas, 0.33 times the rate for
21 diesel; and



1 (E) For other alternative fuels, the rate shall be
2 based on the energy content of the fuels as
3 compared to diesel fuel, using a lower heating
4 value of one hundred thirty thousand British
5 thermal units per gallon as a standard for
6 diesel, so that the tax rate, on an energy
7 content basis, is equal to one-quarter the rate
8 for diesel fuel.

9 The taxes so paid shall be paid into the state
10 treasury and deposited in special funds or paid over
11 in the same manner as provided in subsection (c) in
12 respect of the tax on diesel oil;

13 (3) If any user of alternative fuel furnishes to the
14 distributor a certificate, in a form that the
15 department shall prescribe or if the distributor who
16 uses alternative fuel signs the certificate,
17 certifying that the alternative fuel is for use in
18 operating a motor vehicle or motor vehicles in areas
19 other than upon the public highways of the State, the
20 tax as provided by paragraphs (1) and (2) [~~of this~~
21 ~~subsection]~~ shall not be applicable; provided that no
22 certificate shall be required if the alternative fuel



1 is used for fuel and heating purposes in the home. If
2 a certificate is not or cannot be furnished and the
3 alternative fuel is in fact used for operating an
4 internal combustion engine or operating a motor
5 vehicle or motor vehicles in areas other than upon the
6 public highways of the State, the user thereof may
7 obtain a refund of all taxes thereon imposed by the
8 foregoing paragraphs. The department shall adopt
9 rules to administer the refunding of these taxes.

10 [~~(d)~~] (f) No tax shall be collected in respect to any
11 liquid fuel, including diesel oil and liquefied petroleum gas,
12 shown to the satisfaction of the department to have been sold
13 for use in and actually delivered to, or sold in, the county of
14 Kalawao."

15 SECTION 2. Statutory material to be repealed is bracketed
16 and stricken. New statutory material is underscored.

17 SECTION 3. This Act shall take effect on July 1, 2011;
18 provided that the amendments made by this Act to section 243-4,
19 Hawaii Revised Statutes, shall not be repealed when that section
20 is repealed and reenacted on December 31, 2012, pursuant to



1 section 5 of Act 103, Session Laws of Hawaii 2007, as amended by
2 section 3 of Act 198, Session Laws of Hawaii 2009.

3

INTRODUCED BY:

Calvin K. King
JAN 25 2011



Report Title:
State Fuel Tax

Description:
Assesses the state fuel tax based on a percentage of the weighted wholesale price per gallon of gasoline and average wholesale price per gallon of diesel.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

