
A BILL FOR AN ACT

RELATING TO ETHANOL.

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

1 SECTION 1. The legislature finds that the intent of the
2 ten per cent ethanol requirement under section 486J-10, Hawaii
3 Revised Statutes, was to reduce statewide gasoline consumption,
4 to establish industrial plants to produce ethanol locally, and
5 to achieve independence from foreign oil. However, since
6 enacting the ethanol content requirement in 2006, Hawaii has
7 experienced higher fuel prices and increased its dependence on
8 imported oil.

9 The legislature finds that the ten per cent ethanol
10 requirement has not yielded the lower fuel prices or energy
11 independence that was expected when the law was passed. The
12 legislature further finds that, to the contrary, the ethanol
13 requirement has helped keep fuel prices high by forcing refiners
14 to import the ethanol additive. Despite several planned ethanol
15 plants and an abundance of vacant sugarcane land, no plants have
16 been built and a meaningful quantity of ethanol has yet to be
17 produced in Hawaii. Producing ethanol in Hawaii remains
18 economically unfeasible unless subsidies are provided. As a



1 result, gasoline prices in the State will continue to reflect
2 the added expenses of purchasing ethanol from foreign suppliers
3 and transporting it to the State. These additional costs to
4 consumers are unnecessary and must be reduced.

5 In 2011, federal tax credits for producing ethanol expired.
6 This will increase the price of ethanol and further increase the
7 price of gasoline.

8 The legislature further finds that motor vehicles obtain
9 lower gas mileage when using ethanol-treated fuel. This forces
10 drivers to refuel more frequently.

11 The legislature further finds that ethanol-treated gasoline
12 is more damaging to marine engines and small gasoline engines.
13 This results in expensive repairs for individuals who own boats
14 and watercraft.

15 The legislature further finds that recently, the production
16 of fuel crops has replaced the production of food crops in the
17 agricultural industry. This shift has increased the prices of
18 staple foods. In some parts of the world, it has resulted in
19 food shortages and social unrest. Additionally, the consensus
20 among the scientific community is that there is no net energy
21 gain from the use of ethanol over traditional fossil fuels. The
22 production cycle of ethanol, which includes growing, harvesting,



1 and refining, requires more energy input from fossil fuels than
2 the energy output of the finished ethanol product. This paradox
3 has the undesirable effect of increasing our use of fossil
4 fuels, makes Hawaii more dependent upon foreign sources of
5 fuels, and increases overall greenhouse gas emissions.

6 Accordingly, the purpose of this Act is to repeal the ten
7 per cent ethanol requirement for gasoline sold in the State
8 until the legislature determines that it is economically
9 feasible to locally produce sufficient amounts of ethanol.

10 SECTION 2. Chapter 486J, Hawaii Revised Statutes, is
11 amended by adding a new section to be appropriately designated
12 and to read as follows:

13 "§486J- Annual report. (a) The Hawaii state energy
14 office of the department of business, economic development, and
15 tourism shall submit a report to the legislature no later than
16 twenty days prior to the convening of the regular session of
17 2013 and every odd numbered regular session thereafter regarding
18 ethanol production in the State.

19 (b) The report shall include:

20 (1) The amount of ethanol produced in the State;



- 1 (2) Whether the amount is sufficient to ensure that
- 2 gasoline sold in the State for use in motor vehicles
- 3 contain ten per cent ethanol by volume; and
- 4 (3) Whether the ten per cent ethanol requirement for
- 5 gasoline sold in the State first established by Act
- 6 257, Session Laws of Hawaii 1997, should be
- 7 reenacted."

8 SECTION 3. Section 486J-10, Hawaii Revised Statutes, is

9 repealed.

10 [~~"§486J-10 Ethanol content requirement. (a) The director~~

11 ~~shall adopt rules in accordance with chapter 91 to require that~~

12 ~~gasoline sold in the State for use in motor vehicles contain ten~~

13 ~~per cent ethanol by volume. The amounts of gasoline sold in the~~

14 ~~State containing ten per cent ethanol shall be in accordance~~

15 ~~with rules as the director may deem appropriate. The director~~

16 ~~may authorize the sale of gasoline that does not meet these~~

17 ~~requirements as provided in subsection (d).~~

18 ~~(b) Gasoline blended with an ethanol based product, such~~

19 ~~as ethyl tertiary butyl ether, shall be considered to be in~~

20 ~~conformance with this section if the quantity of ethanol used in~~

21 ~~the manufacture of the ethanol based product represents ten per~~

22 ~~cent, by volume, of the finished motor fuel.~~

1 ~~(c) Ethanol used in the manufacture of ethanol based~~
2 ~~gasoline additives, such as ethyl tertiary butyl ether, may be~~
3 ~~considered to contribute to the distributor's conformance with~~
4 ~~this section; provided that the total quantity of ethanol used~~
5 ~~by the distributor is an amount equal to or greater than the~~
6 ~~amount of ethanol required under this section.~~

7 ~~(d) The director may authorize the sale of gasoline that~~
8 ~~does not meet the provisions of this section.~~

9 ~~(1) To the extent that sufficient quantities of~~
10 ~~competitively priced ethanol are not available to meet~~
11 ~~the minimum requirements of this section; or~~

12 ~~(2) In the event of any other circumstances for which the~~
13 ~~director determines compliance with this section would~~
14 ~~cause undue hardship.~~

15 ~~(e) Each distributor, at reporting dates as the director~~
16 ~~may establish, shall file with the director, on forms~~
17 ~~prescribed, prepared, and furnished by the director, a certified~~
18 ~~statement showing:~~

19 ~~(1) The price and amount of ethanol available;~~

20 ~~(2) The amount of ethanol blended fuel sold by the~~
21 ~~distributor;~~



1 ~~(3) The amount of non ethanol blended gasoline sold by the~~
2 ~~distributor; and~~

3 ~~(4) Any other information the director shall require for~~
4 ~~the purposes of compliance with this section.~~

5 ~~(f) Provisions with respect to confidentiality of~~
6 ~~information shall be the same as provided in section 486J-6.~~

7 ~~(g) Any distributor or any other person violating the~~
8 ~~requirements of this section shall be subject to a fine of not~~
9 ~~less than \$2 per gallon of nonconforming fuel, up to a maximum~~
10 ~~of \$10,000 per infraction.~~

11 ~~(h) The director, in accordance with chapter 91, shall~~
12 ~~adopt rules for the administration and enforcement of this~~
13 ~~section."]~~

14 SECTION 4. Statutory material to be repealed is bracketed
15 and stricken. New statutory material is underscored.

16 SECTION 5. This Act shall take effect upon its approval.

17

INTRODUCED BY:

[Handwritten signatures and initials]

[Signature: J. Smith]
[Signature: M. A. ...]
[Signature: Karen ...]

[Signature: ...]
[Signature: ...]
[Signature: Denny ...]
[Signature: ...]

H.B. NO. 2322

Report Title:

Fuel; Gasoline; Ethanol

Description:

Repeals the ten per cent ethanol by volume requirement for gasoline sold in Hawaii for use in motor vehicles. Requires the Hawaii state energy office to submit reports on local ethanol production.

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

