
A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 SECTION 1. The legislature finds that increased fuel
2 efficiency in motor vehicles has diminished the state fuel tax's
3 effectiveness as a method of keeping the state highway fund
4 solvent.

5 The purpose of this Act is to more effectively fund the
6 state highway fund by:

7 (1) Increasing the vehicle weight tax; and

8 (2) Repealing the state portion of the vehicle fuel tax.

9 These changes shall become effective on January 1, 2013.

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

12 "(a) Every distributor, in addition to any other taxes
13 provided by law, shall pay a license tax to the department of
14 taxation for each gallon of liquid fuel refined, manufactured,
15 produced, or compounded by the distributor and sold or used by
16 the distributor in the State or imported by the distributor, or
17 acquired by the distributor from persons who are not licensed
18 distributors, and sold or used by the distributor in the State.



1 Any person who sells or uses any liquid fuel, knowing that the
2 distributor from whom it was originally purchased has not paid
3 and is not paying the tax thereon, shall pay ~~[such]~~ the tax as
4 would have applied to ~~[such]~~ the sale or use by the distributor.

5 The rates of tax hereby imposed are as follows:

6 (1) For each gallon of ~~[diesel oil,~~ liquid fuel sold for
7 use in or used in small boats, as defined in section
8 248-8, 2 cents;

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

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

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



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1 county of Hawaii, [~~17 cents state tax, and in addition~~
2 ~~thereto such~~] an amount[~~7~~] to be known as the "county
3 of Hawaii fuel tax", as shall be levied pursuant to
4 section 243-5;

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

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

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



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

8 SECTION 3. Section 249-33, Hawaii Revised Statutes, is
9 amended by amending subsection (a) to read as follows:

10 "(a) All vehicles and motor vehicles in the State as
11 defined in section 249-1, including antique motor vehicles,
12 except as otherwise provided in sections 249-4, 249-5.5, 249-6,
13 and 249-6.5, in addition to all other fees and taxes levied by
14 this chapter, shall be subject to an annual state vehicle weight
15 tax.

16 [~~The~~] Prior to January 1, 2013, tax shall be levied by the
17 county director of finance at the rate of 1.75 cents a pound
18 according to the net weight of each vehicle as the "net weight"
19 is defined in section 249-1 up to and including four thousand
20 pounds net weight; vehicles over four thousand pounds and up to
21 and including seven thousand pounds net weight shall be taxed at
22 the rate of 2.00 cents a pound; vehicles over seven thousand



1 pounds and up to and including ten thousand pounds net weight
2 shall be taxed at the rate of 2.25 cents a pound; vehicles over
3 ten thousand pounds net weight shall be taxed at a flat rate of
4 \$300.

5 Commencing January 1, 2013, the tax shall be levied by the
6 county director of finance at the rate of _____ cents a pound
7 according to the net weight of each vehicle as the "net weight"
8 is defined in section 249-1 up to and including four thousand
9 pounds net weight; vehicles over four thousand pounds and up to
10 and including seven thousand pounds net weight shall be taxed at
11 the rate of _____ cents a pound; vehicles over seven thousand
12 pounds and up to and including ten thousand pounds net weight
13 shall be taxed at the rate of _____ cents a pound; vehicles
14 over ten thousand pounds net weight shall be taxed at a flat
15 rate of \$ _____."

16 SECTION 4. In order to ameliorate the financial impact of
17 increasing the state vehicle weight tax, the State and any
18 county or counties may establish a process to phase in the
19 collection of the increased vehicle weight tax imposed under
20 this Act by allowing vehicle weight taxpayers to pay the state
21 vehicle weight tax in installments; provided that the



1 installments occur not more frequently than quarterly in a
2 fiscal year.

3 SECTION 5. Statutory material to be repealed is bracketed
4 and stricken. New statutory material is underscored.

5 SECTION 6. This Act shall take effect upon its approval;
6 provided that sections 2 and 4 shall take effect on January 1,
7 2013.

8

INTRODUCED BY: David Y Ige



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Report Title:

State Fuel Tax; Vehicle Weight Tax

Description:

Effective 1/1/13, increases the vehicle weight tax and repeals the state portion of the fuel tax.

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