
A BILL FOR AN ACT

RELATING TO FOSSIL FUELS.

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

1 SECTION 1. The purpose of this Act is to levy the
2 environmental response, energy, and food security tax on liquid,
3 gaseous, and solid fossil fuels.

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

6 1. By adding a new definition of "fossil fuel" to read:

7 "Fossil fuel" means:

8 (1) Gaseous, liquid, or solid fuels, such as natural gas,
9 petroleum, and coal, derived from the anaerobic
10 decomposition of organic matter buried underground
11 over millions of years; and

12 (2) Any fuel created from processing fuels listed in
13 paragraph (1)."

14 2. By amending the definition of "distributor" to read:

15 "Distributor" means:

16 (1) Every person who refines, manufactures, produces, or
17 compounds liquid, gaseous, or solid fossil fuel in the
18 State and sells or uses the same therein;



1 (2) Every person who imports or causes to be imported into
2 the State any liquid, gaseous, or solid fossil fuel
3 and sells it therein, whether in the original packages
4 or containers in which it is imported or otherwise
5 than in such original packages or containers, or who
6 imports any such fuel for the person's own use in the
7 State;

8 (3) Every person who acquires liquid, gaseous, or solid
9 fossil fuel from a person not a licensed distributor
10 and sells or uses it, whether in the original package
11 or container in which it was imported (if imported) or
12 otherwise than in such original package or container;
13 [~~and~~]

14 (4) Every person who acquires liquid, gaseous, or solid
15 fossil fuel from a licensed distributor as a
16 wholesaler thereof and sells or uses it~~[-]~~; or

17 (5) Every person who imports or causes to be imported into
18 the State any fossil fuel and uses it to generate
19 electricity to sell to an electric utility."

20 SECTION 3. Section 243-3.5, Hawaii Revised Statutes, is
21 amended as follows:

22 1. By amending subsection (a) to read:



1 "(a) In addition to any other taxes provided by law,
2 subject to the exemptions set forth in section 243-7, there is
3 hereby imposed a state environmental response, energy, and food
4 security tax on each [~~barrel~~] unit or fractional part of a
5 [~~barrel~~] unit of [~~petroleum product~~] fossil fuel sold by a
6 distributor to any retail dealer or end user of [~~petroleum~~]
7 fossil fuel product, other than a refiner[-]; provided that this
8 section shall not apply to coal utilized by an independent power
9 producer that provides firm capacity power to a public utility
10 whereby the annual heat input from non-fossil fuels of the firm
11 capacity power generated by the independent power producer
12 exceeds the annual heat input from fossil fuels. The tax
13 collected pursuant to this subsection shall not apply to coal
14 used to fulfill a signed power purchase agreement in effect as
15 of June 30, 2013; provided that the tax collected pursuant to
16 this subsection shall apply to coal used to fulfill any power
17 purchase agreement extended, modified, or renewed after
18 September 1, 2016. The tax collected pursuant to this
19 subsection shall not apply to a public utility until the
20 conclusion of the public utility's next rate case. The tax
21 shall be \$1.05 on each barrel or fractional part of a barrel of
22 petroleum product that is not aviation fuel[-], \$0.12 per



1 thousand cubic feet of gaseous fuel, and \$4.00 per short ton of
2 coal; provided that of the tax collected pursuant to this
3 subsection:

4 (1) [~~5 cents of the tax on each barrel~~] _____ per cent

5 shall be deposited into the environmental response
6 revolving fund established under section 128D-2;

7 (2) [~~15 cents of the tax on each barrel~~] _____ per cent

8 shall be deposited into the energy security special
9 fund established under section 201-12.8;

10 (3) [~~10 cents of the tax on each barrel~~] _____ per cent

11 shall be deposited into the energy systems development
12 special fund established under section 304A-2169; and

13 (4) [~~15 cents of the tax on each barrel~~] _____ per cent

14 shall be deposited into the agricultural development
15 and food security special fund established under
16 section 141-10.

17 The tax imposed by this subsection shall be paid by the
18 distributor of the [~~petroleum product.~~] fossil fuel."

19 2. By amending subsection (d) to read:

20 "(d) Every distributor shall keep in the State and
21 preserve for five years a record in such form as the department
22 of taxation shall prescribe showing the total number of



1 ~~[barrels]~~ units and the fractional part of ~~[barrels]~~ units of
2 ~~[petroleum]~~ fossil fuel product sold by the distributor during
3 any calendar month. The record shall show such other data and
4 figures relevant to the enforcement and administration of this
5 chapter as the department may require."

6 SECTION 4. Act 253, Session Laws of Hawaii 2007, as
7 amended by Act 151, Session Laws of Hawaii 2012, is amended by
8 amending section 8 to read as follows:

9 "SECTION 8. This Act shall take effect on July 1, 2007[+
10 ~~provided that sections 304A C, 304A D, and 304A E, Hawaii~~
11 ~~Revised Statutes, shall be repealed on June 30, 2013]."~~

12 SECTION 5. Statutory material to be repealed is bracketed
13 and stricken. New statutory material is underscored.

14 SECTION 6. This Act shall take effect on July 1, 2050;
15 provided that section 4 shall take effect June 29, 2013.



Report Title:

Environmental Response, Energy, and Food Security Tax; Liquid and Gaseous Fossil Fuels

Description:

Adds new definition of "fossil fuel" to and amends definition of "distributor" in section 243-1, HRS. Amends section 243-3.5, HRS, to levy the environmental response, energy, and food security tax on liquid or gaseous fossil fuels. Repeals sunset date of Act 253, SLH 2007, as amended by Act 151, SLH 2012. Effective 07/01/2050. (SD2)

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