

LATE

TESTIMONY TO THE
SENATE COMMITTEE ON TRANSPORTATION AND INTERNATIONAL AFFAIRS
AND SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION
ON
SB 1212 RELATING TO THE STATE FUEL TAX
By
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Hawaii Petroleum Marketers Association (“HPMA”)

Committee on Transportation and International Affairs

Chair: Senator J. Kalani English
Vice Chair: Senator Donovan M. Dela Cruz

Committee on Commerce and Consumer Protection

Chair: Senator Rosalyn H. Baker
Vice Chair: Senator Brickwood Galuteria

SB 1212 Relating to the State Fuel Tax

Hearing Date: Wednesday, February 6, 2013
Time: 1:16 p.m.
Place: Conference Room 224
State Capitol, 415 South Beretania Street

Chair English and Members of the Senate Committee on Transportation and International Affairs and Chair Baker and Members of the Senate Committee on Commerce and Consumer Protection, on behalf of the members of HPMA, I Sayle Hirashima, President of the Association, would like to voice our members opposition to the bill.

The intent of SB 1212 is to change the methodology of assessing the state fuel tax from a cents-per-gallon to a percentage-of-price based approach. The use of this approach would be bad for consumers and very difficult for wholesalers to administer. The consumer would not be able to directly know how much of the price of a gallon of gas would be composed State Fuel Tax. And because of the structure of the proposed tax, the dollar amount of taxes would automatically go up in periods of rising prices,

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regressively hurting lower income tax payers who often drive less efficient vehicles and have longer commutes.

This bill also increases the level of complexity for administering and collecting this fuel tax. SB 1212 requires the PUC to calculate the "weighted wholesale price per gallon" for gasoline and diesel on a monthly basis, but there is no detail or guidance on implementation. Wholesalers, who are required to collect this fuel tax for the state, would bear the administrative burden and risk of non-compliance because the "weighted wholesale price per gallon" for gasoline and diesel would very likely change on a daily, weekly and monthly basis. This system of variable tax assessment and collection could be chaotic and disruptive.

It would be easier and more transparent to raise the per gallon existing state fuel tax, rather than change the methodology for assessing the tax.

For the above reasons, HPMA opposes changing the state fuel tax system from a fixed rate to a percentage of "weighted wholesale price per gallon" as calculated monthly by the PUC.

Thank you for the opportunity to testify in opposition to Senate Bill 1212.