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## 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 1997, Hawaii has  
7 experienced higher fuel prices and increased its dependence on  
8 imported oil.

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

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

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

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



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

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

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

12 "§486J- Annual report. (a) The Hawaii state energy  
13 office of the department of business, economic development, and  
14 tourism shall submit a report to the legislature no later than  
15 twenty days prior to the convening of the regular session of  
16 2014 and every regular session held in an odd-numbered year  
17 thereafter regarding ethanol production in the State.

18 (b) The report shall include:

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

20 (2) Whether the amount is sufficient to ensure that  
21 gasoline sold in the State for use in motor vehicles

22 contains ten per cent ethanol by volume; and



1        (3) Whether the ten per cent ethanol requirement for  
2        gasoline sold in the State first established by Act  
3        257, Session Laws of Hawaii 1997, should be  
4        reenacted."

5        SECTION 3. Section 486J-10, Hawaii Revised Statutes, is  
6        repealed.

7        [~~"§486J-10 Ethanol content requirement. (a) The director~~  
8        ~~shall adopt rules in accordance with chapter 91 to require that~~  
9        ~~gasoline sold in the State for use in motor vehicles contain ten~~  
10       ~~per cent ethanol by volume. The amounts of gasoline sold in the~~  
11       ~~State containing ten per cent ethanol shall be in accordance~~  
12       ~~with rules as the director may deem appropriate. The director~~  
13       ~~may authorize the sale of gasoline that does not meet these~~  
14       ~~requirements as provided in subsection (d).~~

15       ~~(b) Gasoline blended with an ethanol based product, such~~  
16       ~~as ethyl tertiary butyl ether, shall be considered to be in~~  
17       ~~conformance with this section if the quantity of ethanol used in~~  
18       ~~the manufacture of the ethanol based product represents ten per~~  
19       ~~cent, by volume, of the finished motor fuel.~~

20       ~~(c) Ethanol used in the manufacture of ethanol based~~  
21       ~~gasoline additives, such as ethyl tertiary butyl ether, may be~~  
22       ~~considered to contribute to the distributor's conformance with~~



1 ~~this section; provided that the total quantity of ethanol used~~  
2 ~~by the distributor is an amount equal to or greater than the~~  
3 ~~amount of ethanol required under this section.~~

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

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

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

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

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

17 ~~(2) The amount of ethanol blended fuel sold by the~~  
18 ~~distributor;~~

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

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



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

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

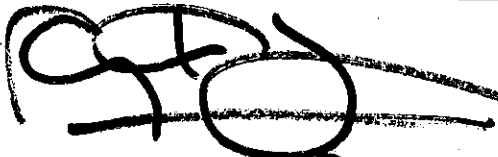

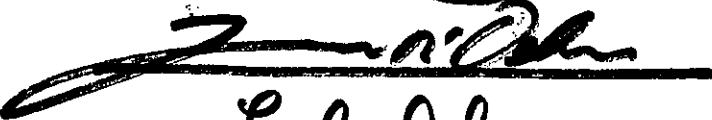
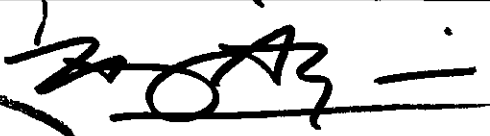

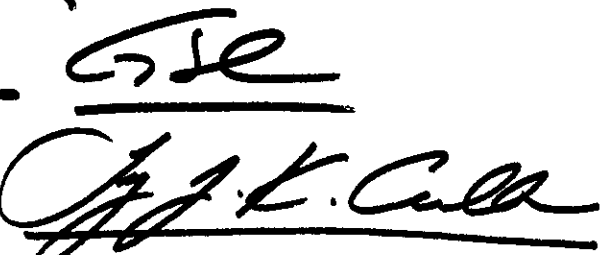
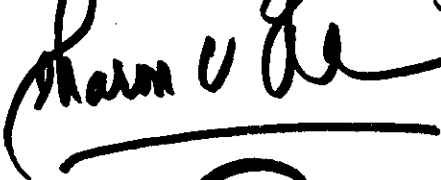
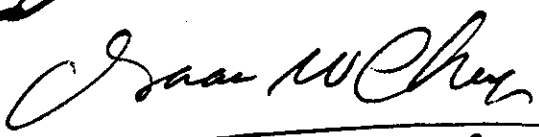

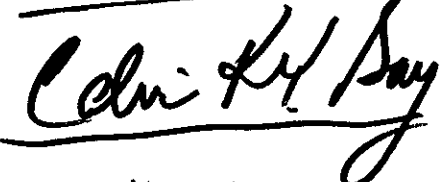
7 ~~(h) The director, in accordance with chapter 91, shall~~  
8 ~~adopt rules for the administration and enforcement of this~~  
9 ~~section." ]~~

10 SECTION 4. Statutory material to be repealed is bracketed  
11 and stricken. New statutory material is underscored.

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

13

INTRODUCED BY:



# H.B. NO. 1400

**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.*

