

---

# 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 gaseous, liquid, or solid fuels, such  
8 as natural gas, petroleum, and coal, derived from the anaerobic  
9 decomposition of organic matter buried underground over millions  
10 of years."

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

12          "Distributor" means:

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

16          (2) Every person who imports or causes to be imported into  
17             the State any liquid, gaseous, or solid fossil fuel  
18             and sells it therein, whether in the original packages



1 or containers in which it is imported or otherwise  
2 than in such original packages or containers, or who  
3 imports any such fuel for the person's own use in the  
4 State;

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

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

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

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

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

20 "(a) In addition to any other taxes provided by law,  
21 subject to the exemptions set forth in section 243-7, there is  
22 hereby imposed a state environmental response, energy, and food



1 security tax on each [~~barrel~~] unit or fractional part of a  
2 [~~barrel~~] unit of [~~petroleum product~~] fossil fuel sold by a  
3 distributor to any retail dealer or end user of [~~petroleum~~]  
4 fossil fuel product, other than a refiner. The tax shall be  
5 \$1.05 on each barrel or fractional part of a barrel of petroleum  
6 product that is not aviation fuel[+], 12 cents per thousand  
7 cubic feet of gaseous fuel, and \$4.00 per short ton of coal;  
8 provided that [~~ef~~] the tax collected pursuant to this  
9 subsection[+] shall not apply to coal used to fulfill a signed  
10 power purchase agreement in effect as of June 30, 2013; provided  
11 further that the tax collected pursuant to this subsection shall  
12 apply to coal used to fulfill any power purchase agreement  
13 extended, modified, or renewed after June 30, 2013; and provided  
14 further that of the tax collected pursuant to this subsection:

- 15 (1) [~~5 cents of the tax on each barrel~~] 9.5 per cent shall  
16 be deposited into the environmental response revolving  
17 fund established under section 128D-2;
- 18 (2) [~~15 cents of the tax on each barrel~~] 40.5 per cent  
19 shall be deposited into the energy security special  
20 fund established under section 201-12.8;



1           (3) [~~10 cents of the tax on each barrel~~] 9.5 per cent  
2                   shall be deposited into the energy systems development  
3                   special fund established under section 304A-2169; and

4           (4) [~~15 cents of the tax on each barrel~~] 40.5 per cent  
5                   shall be deposited into the agricultural development  
6                   and food security special fund established under  
7                   section 141-10.

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

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

11           "(d) Every distributor shall keep in the State and  
12           preserve for five years a record in such form as the department  
13           of taxation shall prescribe showing the total number of  
14           [~~barrels~~] units and the fractional part of [~~barrels~~] units of  
15           [~~petroleum~~] fossil fuel product sold by the distributor during  
16           any calendar month. The record shall show such other data and  
17           figures relevant to the enforcement and administration of this  
18           chapter as the department may require."

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



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

4           SECTION 5. There is appropriated out of the energy  
5 security special fund the sum of \$7,150,000 or so much thereof  
6 as may be necessary for fiscal year 2013-2014 and the same sum  
7 or so much thereof as may be necessary for fiscal year 2014-2015  
8 for the purposes authorized by section 201-12.8, Hawaii Revised  
9 Statutes.

10           The sums appropriated shall be expended by the department  
11 of business, economic development, and tourism for the purposes  
12 of this Act.

13           SECTION 6. There is appropriated out of the agricultural  
14 development and food security special fund the sum of \$7,150,000  
15 or so much thereof as may be necessary for fiscal year 2013-2014  
16 and the same sum or so much thereof as may be necessary for  
17 fiscal year 2014-2015 for the purposes authorized by section  
18 141-10, Hawaii Revised Statutes.

19           The sums appropriated shall be expended by the department  
20 of agriculture for the purposes of this Act.

21           SECTION 7. There is appropriated out of the environmental  
22 response revolving fund the sum of \$1,400,000 or so much thereof



1 as may be necessary for fiscal year 2013-2014 and the same sum  
2 or so much thereof as may be necessary for fiscal year 2014-2015  
3 for the purposes authorized by section 128D-2, Hawaii Revised  
4 Statutes.

5 The sums appropriated shall be expended by the department  
6 of health for the purposes of this Act.

7 SECTION 8. Statutory material to be repealed is bracketed  
8 and stricken. New statutory material is underscored.

9 SECTION 9. This Act shall take effect on July 1, 2013;  
10 provided that section 4 shall take effect June 29, 2013.

11



**Report Title:**

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

**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 151, Session Laws of Hawaii 2012, as amended by Act 253, Session Laws of Hawaii 2007. Makes appropriations out of the (1) energy security special fund, (2) agricultural development special fund, and (3) environmental response special fund. (SD1)

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

