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## A BILL FOR AN ACT

RELATING TO THE INTERISLAND HIGH-VOLTAGE ELECTRIC TRANSMISSION  
CABLE SYSTEM.

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

1           SECTION 1. The legislature finds that Act 165, Session  
2 Laws of Hawaii 2012, authorized the public utilities commission  
3 to establish a regulatory structure for the installation and  
4 implementation of an interisland high-voltage electric  
5 transmission cable system, or undersea cable. However, there  
6 are significant community concerns associated with the  
7 development of an undersea cable. The legislature therefore  
8 concludes that the authorization given to the public utilities  
9 commission related to the undersea cable was premature. The  
10 legislature further finds that there should be a stronger focus  
11 on viable energy alternatives that are more feasible for the  
12 State's ratepayers, rather than development of an interisland  
13 undersea cable.

14           Accordingly, the purpose of this Act is to remove the  
15 authorization granted to the public utilities commission  
16 regarding the regulatory structure for the installation and



1 implementation of an interisland high-voltage electric  
2 transmission cable system by repealing chapter 269, part VIII,  
3 Hawaii Revised Statutes, and making conforming amendments.

4 SECTION 2. Section 235-7, Hawaii Revised Statutes, is  
5 amended by amending subsection (a) to read as follows:

6 "(a) There shall be excluded from gross income, adjusted  
7 gross income, and taxable income:

8 (1) Income not subject to taxation by the State under the  
9 Constitution and laws of the United States;

10 (2) Rights, benefits, and other income exempted from  
11 taxation by section 88-91, having to do with the state  
12 retirement system, and the rights, benefits, and other  
13 income, comparable to the rights, benefits, and other  
14 income exempted by section 88-91, under any other  
15 public retirement system;

16 (3) Any compensation received in the form of a pension for  
17 past services;

18 (4) Compensation paid to a patient affected with Hansen's  
19 disease employed by the State or the United States in  
20 any hospital, settlement, or place for the treatment  
21 of Hansen's disease;



1           (5) Except as otherwise expressly provided, payments made  
2           by the United States or this State, under an act of  
3           Congress or a law of this State, which by express  
4           provision or administrative regulation or  
5           interpretation are exempt from both the normal and  
6           surtaxes of the United States, even though not so  
7           exempted by the Internal Revenue Code itself;

8           (6) Any income expressly exempted or excluded from the  
9           measure of the tax imposed by this chapter by any  
10          other law of the State, it being the intent of this  
11          chapter not to repeal or supersede any express  
12          exemption or exclusion;

13          (7) Income received by each member of the reserve  
14          components of the Army, Navy, Air Force, Marine Corps,  
15          or Coast Guard of the United States of America, and  
16          the Hawaii National Guard as compensation for  
17          performance of duty, equivalent to pay received for  
18          forty-eight drills (equivalent of twelve weekends) and  
19          fifteen days of annual duty, at an:



- 1 (A) E-1 pay grade after eight years of service;  
2 provided that this subparagraph shall apply to  
3 taxable years beginning after December 31, 2004;
- 4 (B) E-2 pay grade after eight years of service;  
5 provided that this subparagraph shall apply to  
6 taxable years beginning after December 31, 2005;
- 7 (C) E-3 pay grade after eight years of service;  
8 provided that this subparagraph shall apply to  
9 taxable years beginning after December 31, 2006;
- 10 (D) E-4 pay grade after eight years of service;  
11 provided that this subparagraph shall apply to  
12 taxable years beginning after December 31, 2007;  
13 and
- 14 (E) E-5 pay grade after eight years of service;  
15 provided that this subparagraph shall apply to  
16 taxable years beginning after December 31, 2008;
- 17 (8) Income derived from the operation of ships or aircraft  
18 if the income is exempt under the Internal Revenue  
19 Code pursuant to the provisions of an income tax  
20 treaty or agreement entered into by and between the  
21 United States and a foreign country; provided that the



1 tax laws of the local governments of that country  
2 reciprocally exempt from the application of all of  
3 their net income taxes, the income derived from the  
4 operation of ships or aircraft that are documented or  
5 registered under the laws of the United States;

6 (9) The value of legal services provided by a legal  
7 service plan to a taxpayer, the taxpayer's spouse, and  
8 the taxpayer's dependents;

9 (10) Amounts paid, directly or indirectly, by a legal  
10 service plan to a taxpayer as payment or reimbursement  
11 for the provision of legal services to the taxpayer,  
12 the taxpayer's spouse, and the taxpayer's dependents;

13 (11) Contributions by an employer to a legal service plan  
14 for compensation (through insurance or otherwise) to  
15 the employer's employees for the costs of legal  
16 services incurred by the employer's employees, their  
17 spouses, and their dependents;

18 (12) Amounts received in the form of a monthly surcharge by  
19 a utility acting on behalf of an affected utility  
20 under section 269-16.3; provided that amounts retained



1 by the acting utility for collection or other costs  
2 shall not be included in this exemption; and

3 ~~[(13) Amounts received in the form of a cable surcharge by~~  
4 ~~an electric utility company acting on behalf of a~~  
5 ~~certified cable company under section 269-134,~~  
6 ~~provided that any amounts retained by that electric~~  
7 ~~utility company for collection or other costs shall~~  
8 ~~not be included in this exemption; and~~

9 ~~-(14)]~~ (13) One hundred per cent of the gain realized by a  
10 fee simple owner from the sale of a leased fee  
11 interest in units within a condominium project,  
12 cooperative project, or planned unit development to  
13 the association of owners under chapter 514A or 514B,  
14 or the residential cooperative corporation of the  
15 leasehold units.

16 For purposes of this paragraph:

17 "Fee simple owner" shall have the same meaning as  
18 provided under section 516-1; provided that it shall  
19 include legal and equitable owners;



1                   "Legal and equitable owner", and "leased fee  
2                   interest" shall have the same meanings as provided  
3                   under section 516-1; and

4                   "Condominium project" and "cooperative project"  
5                   shall have the same meanings as provided under section  
6                   514C-1."

7                   SECTION 3. Section 269-30, Hawaii Revised Statutes, is  
8                   amended to read as follows:

9                   "§269-30 Finances; public utility fee. (a) Sections 607-  
10                  5 to 607-9 shall apply to the public utilities commission and  
11                  each commissioner, as well as to the supreme and circuit courts,  
12                  and all costs and fees paid or collected pursuant to this  
13                  section shall be deposited with the director of finance to the  
14                  credit of the public utilities commission special fund  
15                  established under section 269-33.

16                  (b) There also shall be paid to the public utilities  
17                  commission in each of the months of July and December of each  
18                  year, by each public utility subject to investigation by the  
19                  public utilities commission, a fee equal to one-fourth of one  
20                  per cent of the gross income from the public utility's business  
21                  during the preceding year, or the sum of \$30, whichever is



1 greater. This fee shall be deposited with the director of  
2 finance to the credit of the public utilities commission special  
3 fund.

4 (c) Each public utility paying a fee under subsection (b)  
5 may impose a surcharge to recover the amount paid above one-  
6 eighth of one per cent of gross income. The surcharge imposed  
7 shall not be subject to the notice, hearing, and approval  
8 requirements of this chapter; provided that the surcharge may be  
9 imposed by the utility only after thirty days' notice to the  
10 public utilities commission. Unless ordered by the public  
11 utilities commission, the surcharge shall be imposed only until  
12 the conclusion of the public utility's next rate case; provided  
13 that the surcharge shall be subject to refund with interest at  
14 the public utility's authorized rate of return on rate base if  
15 the utility collects more money from the surcharge than actually  
16 paid due to the increase in the fee to one-fourth of one per  
17 cent.

18 (d) Notwithstanding any provision of this chapter to the  
19 contrary, the public utilities commission may, upon the filing  
20 of a petition by a public utility, credit a public utility for





1 amounts paid under subsection (b) toward amounts the public  
2 utility owes in one call center fees under section 269E-6(f).

3 ~~[(e) Amounts received in the form of a cable surcharge by~~  
4 ~~an electric utility company acting on behalf of a certified~~  
5 ~~cable company under section 269-134 shall not be deemed gross~~  
6 ~~income for that electric utility company for purposes of this~~  
7 ~~section; provided that any amounts retained by that electric~~  
8 ~~utility company for collection or other costs shall not be~~  
9 ~~included in this exemption.]"~~

10 SECTION 4. Section 239-5.6, Hawaii Revised Statutes, is  
11 repealed.

12 ~~["~~§239-5.6~~ Cable surcharge amounts exempt. Amounts~~  
13 ~~received in the form of a cable surcharge by an electric utility~~  
14 ~~company acting on behalf of a certified cable company under~~  
15 ~~section 269-134 shall not be deemed gross income of that~~  
16 ~~electric utility company for purposes of this chapter; provided~~  
17 ~~that any amounts retained by that electric utility company for~~  
18 ~~collection or other costs shall not be included in this~~  
19 ~~exemption."]~~

20 SECTION 5. Section 240-1.6, Hawaii Revised Statutes, is  
21 repealed.



1           ~~["§240-1.6] Cable surcharge amounts exempt. Amounts~~  
 2 ~~received in the form of a cable surcharge by an electric utility~~  
 3 ~~company acting on behalf of an affected certified cable company~~  
 4 ~~under section 269-134 shall not be deemed gross receipts for~~  
 5 ~~that electric utility company for purposes of this chapter,~~  
 6 ~~provided that any amounts retained by that electric utility~~  
 7 ~~company for collection or other costs shall not be included in~~  
 8 ~~this exemption."]~~

9           SECTION 6. Chapter 269, part VIII, Hawaii Revised  
 10 Statutes, is repealed.

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

13           SECTION 8. This Act shall take effect upon its approval.  
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INTRODUCED BY: \_\_\_\_\_

*[Handwritten signature]*

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*Nicole E. Louie*

*Richard Luze*

*Sen. Am*

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# H.B. NO. 1468

**Report Title:**

Public Utilities Commission; Interisland Transmission System;  
Interisland High-voltage Electric Transmission Cable System;  
Repeal

**Description:**

Removes the authorization granted to the public utilities commission to establish a regulatory structure for the installation and implementation of an interisland high-voltage electric transmission cable system by repealing chapter 269, part VIII, Hawaii Revised Statutes, and making conforming amendments.

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

