
A BILL FOR AN ACT

RELATING TO ENERGY.

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

1 PART I

2 SECTION 1. Section 243-1, Hawaii Revised Statutes, is
3 amended by adding a new definition to be appropriately inserted
4 and to read as follows:

5 "Power-generating facility" means any electricity-
6 generating facility that requires a permit issued under the
7 federal Clean Air Act (42 U.S.C. 7401 through 7671q), the Hawaii
8 air pollution control law (chapter 342B), or both."

9 SECTION 2. Section 243-4, Hawaii Revised Statutes, is
10 amended by amending subsection (a) to read as follows:

11 "(a) Every distributor shall, in addition to any other
12 taxes provided by law, pay a license tax to the department of
13 taxation for each gallon of liquid fuel refined, manufactured,
14 produced, or compounded by the distributor and sold or used by
15 the distributor in the State or imported by the distributor, or
16 acquired by the distributor from persons who are not licensed
17 distributors, and sold or used by the distributor in the State.



1 Any person who sells or uses any liquid fuel, knowing that the
2 distributor from whom it was originally purchased has not paid
3 and is not paying the tax thereon, shall pay such tax as would
4 have applied to such sale or use by the distributor. The rates
5 of tax [~~hereby~~] imposed are as follows:

- 6 (1) For each gallon of diesel oil, 1 cent;
- 7 (2) For each gallon of gasoline or other aviation fuel
8 sold for use in or used for airplanes, 1 cent;
- 9 (3) For each gallon of naphtha sold for use in a power-
10 generating facility, 2 cents;
- 11 [~~(3)~~] (4) For each gallon of liquid fuel, other than fuel
12 mentioned in paragraphs (1) [~~and~~], (2), and (3), and
13 other than an alternative fuel, sold or used in the
14 city and county of Honolulu, or sold in any county for
15 ultimate use in the city and county of Honolulu, 16
16 cents state tax, and in addition thereto [~~such~~] an
17 amount, to be known as the "city and county of
18 Honolulu fuel tax", as shall be levied pursuant to
19 section 243-5;
- 20 [~~(4)~~] (5) For each gallon of liquid fuel, other than fuel
21 mentioned in paragraphs (1) [~~and~~], (2), and (3), and



1 other than an alternative fuel, sold or used in the
2 county of Hawaii, or sold in any county for ultimate
3 use in the county of Hawaii, 16 cents state tax, and
4 in addition thereto [~~such~~] an amount, to be known as
5 the "county of Hawaii fuel tax", as shall be levied
6 pursuant to section 243-5;

7 [~~(5)~~] (6) For each gallon of liquid fuel, other than fuel
8 mentioned in paragraphs (1) [~~and~~], (2), and (3), and
9 other than an alternative fuel, sold or used in the
10 county of Maui, or sold in any county for ultimate use
11 in the county of Maui, 16 cents state tax, and in
12 addition thereto [~~such~~] an amount, to be known as the
13 "county of Maui fuel tax", as shall be levied pursuant
14 to section 243-5; and

15 [~~(6)~~] (7) For each gallon of liquid fuel, other than fuel
16 mentioned in paragraphs (1) [~~and~~], (2), and (3), and
17 other than an alternative fuel, sold or used in the
18 county of Kauai, or sold in any county for ultimate
19 use in the county of Kauai, 16 cents state tax, and in
20 addition thereto [~~such~~] an amount, to be known as the



1 "county of Kauai fuel tax", as shall be levied
2 pursuant to section 243-5.
3 If it is shown to the satisfaction of the department, based
4 upon proper records and from [~~such~~] any other evidence as the
5 department may require, that liquid fuel, other than fuel
6 mentioned in paragraphs (1) [~~and~~], (2), and (3), is used for
7 agricultural equipment that does not operate upon the public
8 highways of the State, the user thereof may obtain a refund of
9 all taxes thereon imposed by this section in excess of 1 cent
10 per gallon. The department shall adopt rules to administer such
11 refunds."

12 PART II

13 SECTION 3. Section 206M-15.5, Hawaii Revised Statutes, is
14 amended to read as follows:

15 "§206M-15.5 High technology special fund. There is
16 established in the state treasury a fund to be known as the high
17 technology special fund, into which shall be deposited, except
18 as otherwise provided by section 206M-17 [~~all~~]:

19 (1) Any appropriations or other funds required to be
20 deposited by law; and



1 The sum appropriated shall be expended by the high
2 technology development corporation for the purposes of this
3 part.

4 SECTION 5. The appropriation made for the capital
5 improvement project authorized by this part shall not lapse at
6 the end of the fiscal biennium for which the appropriation is
7 made; provided that all moneys from the appropriation
8 unencumbered as of June 30, 2018, shall lapse as of that date.

9 PART IV

10 SECTION 6. There is appropriated out of the general
11 revenues of the State of Hawaii the sum of \$ or so much
12 thereof as may be necessary for fiscal year 2016-2017 for
13 deposit into the high technology special fund under section
14 206M-15.5, Hawaii Revised Statutes; provided that
15 notwithstanding section 206M-15.5, Hawaii Revised Statutes, the
16 total amount of moneys in the high technology special fund shall
17 not exceed \$4,800,000 at the end of fiscal year 2016-2017.

18 SECTION 7. There is appropriated out of the high
19 technology special fund the sum of \$ or so much thereof
20 as may be necessary for fiscal year 2016-2017 for operating
21 costs for an electrolysis process hydrogen production, storage,



1 and dispensing facility; provided that no funds shall be made
2 available under this part unless private enterprises or private
3 entities provide matching funds on a dollar-for-dollar basis.

4 The sum appropriated shall be expended by the high
5 technology development corporation for the purposes of this
6 part.

7 PART V

8 SECTION 8. The high technology development corporation
9 shall adopt rules in accordance with chapter 91, Hawaii Revised
10 Statutes, to enable the establishment, collection, and deposit
11 into the high technology special fund established under section
12 206M-15.5, Hawaii Revised Statutes, of fees imposed on the sale
13 of hydrogen made commercially available at facilities that are
14 funded in whole or in part by parts III and IV of this Act.

15 PART VI

16 SECTION 9. Statutory material to be repealed is bracketed
17 and stricken. New statutory material is underscored.

18 SECTION 10. This Act shall take effect on July 1, 2030;
19 provided that section 2 shall be applied retroactively and shall
20 be effective on and after January 1, 2016.



Report Title:

Electric Power Generation; Fuel Tax Rate; High Technology Special Fund; Electrolysis Process Hydrogen Production, Storage, and Dispensing Facilities

Description:

Restores the amendments made to sections 243-1 and 243-4(a), HRS, which sunset on 12/31/2015. Clarifies that naphtha fuel, used in a power-generating facility, is subject to the fuel tax at a rate of 2 cents per gallon, retroactive to January 1, 2016. Amends the requirements of the High Technology Special Fund. Authorizes the issuance of general obligation bonds for the development of an electrolysis process hydrogen production, storage, and dispensing facility. Appropriates general funds for an electrolysis process hydrogen production, storage, and dispensing facility. (SB2131 HD2)

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