
A BILL FOR AN ACT

RELATING TO ENERGY.

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

1 SECTION 1. The purpose of this Act is to:

2 (1) Align the treatment of the environmental response,
3 energy, and food security tax, also known as the
4 barrel tax, with the original intention of the
5 legislature in establishing the barrel tax, by
6 reapportioning the amount of the barrel tax that is to
7 be deposited into the environmental response revolving
8 fund, energy security special fund, and agricultural
9 development and food security special fund; and

10 (2) More fairly levy the barrel tax by ensuring that it
11 applies to all fossil fuels, rather than providing
12 favorable treatment to some fossil fuels and fossil
13 fuel importers.

14 SECTION 2. Section 243-1, Hawaii Revised Statutes, is
15 amended as follows:

16 1. By adding a new definition to be appropriately inserted
17 and to read:

18 "Fossil fuel" means:



1 (1) Gaseous, liquid, or solid fuels, such as natural gas,
 2 petroleum, and coal, derived from the anaerobic
 3 decomposition of organic matter buried underground
 4 under millions of years; and

5 (2) Any fuel created from processing fuels listed in
 6 paragraph (1)."

7 2. By amending the definition of "distributor" to read:
 8 "Distributor" means:

9 (1) Every person who refines, manufactures, produces, or
 10 compounds [~~liquid~~] fossil fuel in the State and sells
 11 or uses the same therein;

12 (2) Every person who imports or causes to be imported into
 13 the State any [~~liquid~~] fossil fuel and sells it
 14 therein, whether in the original packages or
 15 containers in which it is imported or otherwise than
 16 in such original packages or containers, or who
 17 imports any such fuel for the person's own use in the
 18 State;

19 (3) Every person who acquires [~~liquid~~] fossil fuel from a
 20 person not a licensed distributor and sells or uses
 21 it, whether in the original package or container in



1 which it was imported (if imported) or otherwise than
2 in such original package or container; ~~and]~~

3 (4) Every person who acquires ~~[liquid]~~ fossil fuel from a
4 licensed distributor as a wholesaler thereof and sells
5 or uses it~~[-]~~; and

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

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

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

12 "(a) In addition to any other taxes provided by law,
13 subject to the exemptions set forth in section 243-7, there is
14 hereby imposed a state environmental response, energy, and food
15 security tax on each ~~[barrel]~~ unit or fractional part of a
16 ~~[barrel]~~ unit of ~~[petroleum product]~~ fossil fuel sold by a
17 distributor to any retail dealer or end user of ~~[petroleum~~
18 ~~product,]~~ fossil fuel, other than a refiner. The tax shall be
19 \$1.05 on each barrel or fractional part of a barrel of petroleum
20 product or other liquid fossil fuel that is not aviation
21 fuel~~[-]~~, 17.5 cents per thousand cubic feet or fractional part



1 of a thousand cubic feet of natural gas or other gaseous fossil
2 fuel, and \$3.40 per short ton or fractional part of a short ton
3 of coal or other solid fossil fuel; provided that of the tax
4 collected pursuant to this subsection:

5 (1) [~~5-cents~~] 14.3 per cent of the tax on each [~~barrel~~]
6 unit of fossil fuel shall be deposited into the
7 environmental response revolving fund established
8 under section 128D-2;

9 (2) [~~15-cents~~] 38.1 per cent of the tax on each [~~barrel~~]
10 unit of fossil fuel shall be deposited into the energy
11 security special fund established under section
12 201-12.8;

13 (3) [~~10-cents~~] 9.5 per cent of the tax on each [~~barrel~~]
14 unit of fossil fuel shall be deposited into the energy
15 systems development special fund established under
16 section [~~+~~]304A-2169.1[~~+~~]; and

17 (4) [~~15-cents~~] 38.1 per cent of the tax on each [~~barrel~~]
18 unit of fossil fuel shall be deposited into the
19 agricultural development and food security special
20 fund established under section 141-10.



1 The tax imposed by this subsection shall be paid by the
2 distributor of the [~~petroleum product~~] fossil fuel and if
3 fossil fuel is distributed and re-sold one or more times, the
4 initial distributor of the fossil fuel shall pay the tax imposed
5 by this subsection."

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

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

15 SECTION 4. Statutory material to be repealed is bracketed
16 and stricken. New statutory material is underscored.

17 SECTION 5. This Act shall take effect on July 1, 2015.



Report Title:

Energy; Barrel Tax; Environmental Response, Energy, and Food Security Tax

Description:

Increases the amount of the environmental response, energy, and food security tax collections to be deposited into the environmental response revolving fund, energy security special fund, and agricultural development and food security special fund. Ensures that the environmental response, energy, and food security tax applies to all fossil fuels. (SD1)

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