
A BILL FOR AN ACT

RELATING TO TRANSPORTATION.

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

1 SECTION 1. Section 243-4, Hawaii Revised Statutes, is
2 amended by amending subsection (a) to read as follows:

3 "(a) Every distributor shall, in addition to any other
4 taxes provided by law, pay a license tax to the department of
5 taxation for each gallon of liquid fuel refined, manufactured,
6 produced, or compounded by the distributor and sold or used by
7 the distributor in the State or imported by the distributor, or
8 acquired by the distributor from persons who are not licensed
9 distributors, and sold or used by the distributor in the
10 State. Any person who sells or uses any liquid fuel, knowing
11 that the distributor from whom it was originally purchased has
12 not paid and is not paying the tax thereon, shall pay such tax
13 as would have applied to such sale or use by the
14 distributor. The rates of tax imposed are as follows:

- 15 (1) For each gallon of diesel oil, [~~1-cent,~~] 2 cents;
- 16 (2) For each gallon of gasoline or other aviation fuel
17 sold for use in or used for airplanes, [~~1-cent,~~] 2
18 cents;

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- 1 (3) For each gallon of naphtha sold for use in a power-
2 generating facility, 2 cents;
- 3 (4) For each gallon of liquid fuel, other than fuel
4 mentioned in paragraphs (1), (2), and (3), and other
5 than an alternative fuel, sold or used in the city and
6 county of Honolulu, or sold in any county for ultimate
7 use in the city and county of Honolulu, [~~16~~] 22 cents
8 state tax, and in addition thereto an amount, to be
9 known as the "city and county of Honolulu fuel tax",
10 as shall be levied pursuant to section 243-5;
- 11 (5) For each gallon of liquid fuel, other than fuel
12 mentioned in paragraphs (1), (2), and (3), and other
13 than an alternative fuel, sold or used in the county
14 of Hawaii, or sold in any county for ultimate use in
15 the county of Hawaii, [~~16~~] 22 cents state tax, and in
16 addition thereto an amount, to be known as the "county
17 of Hawaii fuel tax", as shall be levied pursuant to
18 section 243-5;
- 19 (6) For each gallon of liquid fuel, other than fuel
20 mentioned in paragraphs (1), (2), and (3), and other
21 than an alternative fuel, sold or used in the county
22 of Maui, or sold in any county for ultimate use in the

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1 county of Maui, [~~16~~] 22 cents state tax, and in
2 addition thereto an amount, to be known as the "county
3 of Maui fuel tax", as shall be levied pursuant to
4 section 243-5; and

5 (7) For each gallon of liquid fuel, other than fuel
6 mentioned in paragraphs (1), (2), and (3), and other
7 than an alternative fuel, sold or used in the county
8 of Kauai, or sold in any county for ultimate use in
9 the county of Kauai, [~~16~~] 22 cents state tax, and in
10 addition thereto an amount, to be known as the "county
11 of Kauai fuel tax", as shall be levied pursuant to
12 section 243-5.

13 If it is shown to the satisfaction of the department, based
14 upon proper records and from any other evidence as the
15 department may require, that liquid fuel other than fuel
16 mentioned in paragraphs (1), (2), and (3), is used for
17 agricultural equipment that does not operate upon the public
18 highways of the State, the user thereof may obtain a refund of
19 all taxes thereon imposed by this section in excess of 1 cent
20 per gallon. The department shall adopt rules to administer such
21 refunds."

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1 SECTION 2. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

3 SECTION 3. This Act, upon its approval, shall take effect
4 on July 1, 2017.

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INTRODUCED BY: _____

A handwritten signature in black ink, appearing to be "J. M. ...", is written over a horizontal line.

9

BY REQUEST

JAN 23 2017

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Report Title:

State Fuel Tax Increase

Description:

Increases the State Fuel Tax to generate additional revenues for the State Highway Fund by amending section 243-4(a), Hawaii Revised Statutes.

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

JUSTIFICATION SHEET

DEPARTMENT: Transportation

TITLE: A BILL FOR AN ACT RELATING TO TRANSPORTATION.

PURPOSE: Increases the state fuel tax to generate additional revenues for the state highway fund.

MEANS: Amend section 243-4(a), Hawaii Revised Statutes.

JUSTIFICATION: Amendment is needed to generate additional revenues through an increase in the state fuel tax per gallon of gasoline in each county to the state highway fund.

Impact on the public: A six cents per gallon increase in the state tax on liquid fuel is estimated to cost an average driver an additional \$33.00 annually.

Impact on the department and other agencies: The state fuel tax is the major revenue source for the State Highway Fund. It is also the major source of pledged revenues for the Highway Revenue Bonds. The additional revenue source will positively impact the Highways Revenue Bond ratings. A higher bond rating will decrease our cost of borrowing.

The highways financial plan relies on the state fuel tax to support the continued operations and maintenance of the State Highway System. Appropriations from the State Highway Fund are used for the construction, operations, and maintenance of the State Highway System.

Any increase in this primary source of revenues for the State Highway Fund will enhance the Departments ability to

construct, operate and maintain the State Highway System. This would enable an increase in the highways capital improvement program and special maintenance programs. The failure of the State to properly maintain the State Highway System may result in sanctions by the Federal Highway Administration including the loss of federal funds.

The increase in revenues will provide safer infrastructure enhancements for all users including pedestrians, bicyclists, transit users and motorists and would positively impact the department's ability to qualify state matching funds for the highways federal-aid program. The availability of state matching funds will result in attracting its share for federal funds. The normal federal share for projects on the interstate system is 90 per cent and for other eligible roadways it is 80 per cent.

GENERAL FUND:

None.

OTHER FUNDS:

The state fuel tax revenues under Section 243-4, Hawaii Revised Statutes, will be deposited into the state highway fund, airport revenue fund, and boating special fund with an amount equal to 0.3 percent of the highway fuel tax but not more than \$250,000 allocated each year to the Special Land and Development Fund.

PBS PROGRAM

DESIGNATION:

TRN 595.

OTHER AFFECTED

AGENCIES:

None.

EFFECTIVE DATE:

July 1, 2017.