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# A BILL FOR AN ACT

RELATING TO THE INTERISLAND TRANSMISSION SYSTEM.

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

1 PART I

2 SECTION 1. The legislature finds that Act 165, Session  
3 Laws of Hawaii 2012, codified as part VIII of chapter 269,  
4 Hawaii Revised Statutes, established the regulatory structure  
5 under which interisland undersea transmission cables could be  
6 developed, financed, and constructed. However, the legislature  
7 notes that the current priorities of the legislature do not  
8 include an interisland transmission system. The legislature  
9 notes that it is more appropriate to remove references to the  
10 interisland transmission system from the Hawaii Revised Statutes  
11 until a consensus on such a system can be reached.

12 The purpose of this Act is to repeal chapter 269, part  
13 VIII, Hawaii Revised Statutes, relating to the interisland  
14 transmission system.

15 PART II

16 SECTION 2. Chapter 269, part VIII, Hawaii Revised  
17 Statutes, is repealed.



PART III

SECTION 3. Section 235-7, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

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

- (1) Income not subject to taxation by the State under the Constitution and laws of the United States;
- (2) Rights, benefits, and other income exempted from taxation by section 88-91, having to do with the state retirement system, and the rights, benefits, and other income, comparable to the rights, benefits, and other income exempted by section 88-91, under any other public retirement system;
- (3) Any compensation received in the form of a pension for past services;
- (4) Compensation paid to a patient affected with Hansen's disease employed by the State or the United States in any hospital, settlement, or place for the treatment of Hansen's disease;
- (5) Except as otherwise expressly provided, payments made by the United States or this State, under an act of



1 Congress or a law of this State, which by express  
2 provision or administrative regulation or  
3 interpretation are exempt from both the normal and  
4 surtaxes of the United States, even though not so  
5 exempted by the Internal Revenue Code itself;

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

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

18 (A) E-1 pay grade after eight years of service;  
19 provided that this subparagraph shall apply to  
20 taxable years beginning after December 31, 2004;



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



- 1 operation of ships or aircraft that are documented or  
2 registered under the laws of the United States;
- 3 (9) The value of legal services provided by a legal  
4 service plan to a taxpayer, the taxpayer's spouse, and  
5 the taxpayer's dependents;
- 6 (10) Amounts paid, directly or indirectly, by a legal  
7 service plan to a taxpayer as payment or reimbursement  
8 for the provision of legal services to the taxpayer,  
9 the taxpayer's spouse, and the taxpayer's dependents;
- 10 (11) Contributions by an employer to a legal service plan  
11 for compensation (through insurance or otherwise) to  
12 the employer's employees for the costs of legal  
13 services incurred by the employer's employees, their  
14 spouses, and their dependents;
- 15 (12) Amounts received in the form of a monthly surcharge by  
16 a utility acting on behalf of an affected utility  
17 under section 269-16.3; provided that amounts retained  
18 by the acting utility for collection or other costs  
19 shall not be included in this exemption;
- 20 ~~[(13) Amounts received in the form of a cable surcharge by~~  
21 ~~an electric utility company acting on behalf of a~~



~~certified cable company under section 269-134,  
provided that any amounts retained by that electric  
utility company for collection or other costs shall  
not be included in this exemption,] and~~

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

For purposes of this paragraph:

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

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

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



1 SECTION 4. Section 269-30, Hawaii Revised Statutes, is  
2 amended to read as follows:

3 "§269-30 Finances; public utility fee. (a) Sections 607-  
4 5 to 607-9 shall apply to the public utilities commission and  
5 each commissioner, as well as to the supreme and circuit courts,  
6 and all costs and fees paid or collected pursuant to this  
7 section shall be deposited with the director of finance to the  
8 credit of the public utilities commission special fund  
9 established under section 269-33.

10 (b) There also shall be paid to the public utilities  
11 commission in each of the months of July and December of each  
12 year, by each public utility subject to investigation by the  
13 public utilities commission, a fee equal to one-fourth of one  
14 per cent of the gross income from the public utility's business  
15 during the preceding year, or the sum of \$30, whichever is  
16 greater. This fee shall be deposited with the director of  
17 finance to the credit of the public utilities commission special  
18 fund.

19 (c) Each public utility paying a fee under subsection (b)  
20 may impose a surcharge to recover the amount paid above one-  
21 eighth of one per cent of gross income. The surcharge imposed



1 shall not be subject to the notice, hearing, and approval  
2 requirements of this chapter; provided that the surcharge may be  
3 imposed by the utility only after thirty days' notice to the  
4 public utilities commission. Unless ordered by the public  
5 utilities commission, the surcharge shall be imposed only until  
6 the conclusion of the public utility's next rate case; provided  
7 that the surcharge shall be subject to refund with interest at  
8 the public utility's authorized rate of return on rate base if  
9 the utility collects more money from the surcharge than actually  
10 paid due to the increase in the fee to one-fourth of one per  
11 cent.

12 (d) Notwithstanding any provision of this chapter to the  
13 contrary, the public utilities commission may, upon the filing  
14 of a petition by a public utility, credit a public utility for  
15 amounts paid under subsection (b) toward amounts the public  
16 utility owes in one call center fees under section 269E-6(f).

17 ~~[(e) Amounts received in the form of a cable surcharge by~~  
18 ~~an electric utility company acting on behalf of a certified~~  
19 ~~cable company under section 269-134 shall not be deemed gross~~  
20 ~~income for that electric utility company for purposes of this~~  
21 ~~section; provided that any amounts retained by that electric~~





1 ~~utility company for collection or other costs shall not be~~  
2 ~~included in this exemption.]"~~

3 SECTION 5. Section 239-5.6, Hawaii Revised Statutes, is  
4 repealed.

5 [~~"[§239-5.6] Cable surcharge amounts exempt. Amounts~~  
6 ~~received in the form of a cable surcharge by an electric utility~~  
7 ~~company acting on behalf of a certified cable company under~~  
8 ~~section 269-134 shall not be deemed gross income of that~~  
9 ~~electric utility company for purposes of this chapter; provided~~  
10 ~~that any amounts retained by that electric utility company for~~  
11 ~~collection or other costs shall not be included in this~~  
12 ~~exemption."]~~

13 SECTION 6. Section 240-1.6, Hawaii Revised Statutes, is  
14 repealed.

15 [~~"[§240-1.6] Cable surcharge amounts exempt. Amounts~~  
16 ~~received in the form of a cable surcharge by an electric utility~~  
17 ~~company acting on behalf of an affected certified cable company~~  
18 ~~under section 269-134 shall not be deemed gross receipts for~~  
19 ~~that electric utility company for purposes of this chapter;~~  
20 ~~provided that any amounts retained by that electric utility~~



1 ~~company for collection or other costs shall not be included in~~  
2 ~~this exemption." ]~~

3 SECTION 7. Section 269-133, Hawaii Revised Statutes, is  
4 repealed.

5 ~~["~~§269-133~~ Transmission tariff. The commission shall,~~  
6 ~~by order, approve, disapprove, or approve subject to certain~~  
7 ~~conditions, the tariff of the certified cable company pursuant~~  
8 ~~to which the certified cable company shall make the capacity of~~  
9 ~~its high voltage electric transmission cable system available to~~  
10 ~~the electric utility company or companies. The tariff shall be~~  
11 ~~consistent with the tariff provisions provided in the request~~  
12 ~~for proposals, unless otherwise ordered by the commission. The~~  
13 ~~tariff shall specify the terms and conditions under which the~~  
14 ~~certified cable company will be entitled to receive revenues~~  
15 ~~collected through the cable surcharge, established pursuant to~~  
16 ~~section 269-134. The certified cable company may submit its~~  
17 ~~proposed tariff for approval prior to the expected commercial~~  
18 ~~operations date, and the commission shall take final action on~~  
19 ~~the proposed tariff within one hundred twenty days after~~  
20 ~~submittal of the proposed tariff with supporting documentation~~



1 ~~as may be required by the commission; provided that the~~  
2 ~~commission may extend the timeline as necessary."~~]

3 SECTION 8. Act 165, Session Laws of Hawaii 2002, is  
4 amended by amending section 9 to read as follows:

5 "SECTION 9. This Act shall take effect on July 1, 2012;  
6 provided that the [~~amendments~~] amendment made to section [~~235-~~  
7 ~~7,~~] 235-7(a)(12), Hawaii Revised Statutes, in section 5 of this  
8 Act shall not be repealed when that section is reenacted on  
9 January 1, [~~2013,~~] 2018, pursuant to Act 166, Session Laws of  
10 Hawaii 2007[~~-~~], as amended by section 5 of Act 220, Session Laws  
11 of Hawaii 2007."

12 PART IV

13 SECTION 9. Statutory material to be repealed is bracketed  
14 and stricken. New statutory material is underscored.

15 SECTION 10. This Act shall take effect upon its approval.

16



**Report Title:**

Interisland Transmission System; Repeal

**Description:**

Repeals chapter 269, part VIII, Hawaii Revised Statutes, relating to the interisland transmission system. (SD1)

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

