
A BILL FOR AN ACT

RELATING TO MOTOR VEHICLES.

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

1 SECTION 1. Section 243-4, Hawaii Revised Statutes, is
2 amended to read as follows:
3 "**§243-4 License taxes.** (a) Every distributor shall, in
4 addition to any other taxes provided by law, pay a license tax
5 to the department of taxation for each gallon of liquid fuel
6 refined, manufactured, produced, or compounded by the
7 distributor and sold or used by the distributor in the State or
8 imported by the distributor, or acquired by the distributor from
9 persons who are not licensed distributors, and sold or used by
10 the distributor in the State. Any person who sells or uses any
11 liquid fuel, knowing that the distributor from whom it was
12 originally purchased has not paid and is not paying the tax
13 thereon, shall pay such tax as would have applied to such sale
14 or use by the distributor. The rates of tax imposed are as
15 follows:
16 (1) For each gallon of diesel or biodiesel oil, 1 cent;



- 1 (2) For each gallon of gasoline or other aviation fuel
- 2 sold for use in or used for airplanes, 1 cent;
- 3 (3) For each gallon of naphtha sold for use in a power-
- 4 generating facility, 2 cents;
- 5 (4) 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 city and
- 8 county of Honolulu, or sold in any county for ultimate
- 9 use in the city and county of Honolulu, the greater of
- 10 16 cents state tax[-] or a tax of per cent of
- 11 the wholesale price to the retailer per gallon of
- 12 liquid fuel; provided that if the tax based on the
- 13 percentage of wholesale price is applied, a wholesaler
- 14 shall not pass on to a retailer any amount of tax per
- 15 gallon greater than the amount of tax per gallon of
- 16 liquid fuel that the wholesaler paid on the highest
- 17 price per gallon of liquid fuel sold by the wholesaler
- 18 to any retailer during the taxable year, and in
- 19 addition thereto an amount, to be known as the "city
- 20 and county of Honolulu fuel tax", as shall be levied
- 21 pursuant to section 243-5;



1 (5) For each gallon of liquid fuel, other than fuel
 2 mentioned in paragraphs (1), (2), and (3), and other
 3 than an alternative fuel, sold or used in the county
 4 of Hawaii, or sold in any county for ultimate use in
 5 the county of Hawaii, the greater of 16 cents state
 6 tax[7] or a tax of _____ per cent of the wholesale
 7 price to the retailer per gallon of liquid fuel;
 8 provided that if the tax based on the percentage of
 9 wholesale price is applied, a wholesaler shall not
 10 pass on to a retailer any amount of tax per gallon
 11 greater than the amount of tax per gallon of liquid
 12 fuel that the wholesaler paid on the highest price per
 13 gallon of liquid fuel sold by the wholesaler to any
 14 retailer during the taxable year, and in addition
 15 thereto an amount, to be known as the "county of
 16 Hawaii fuel tax", as shall be levied pursuant to
 17 section 243-5;

18 (6) For each gallon of liquid fuel, other than fuel
 19 mentioned in paragraphs (1), (2), and (3), and other
 20 than an alternative fuel, sold or used in the county
 21 of Maui, or sold in any county for ultimate use in the



1 county of Maui, the greater of 16 cents state tax[7]
2 or a tax of _____ per cent of the wholesale price to
3 the retailer per gallon of liquid fuel; provided that
4 if the tax based on the percentage of wholesale price
5 is applied, a wholesaler shall not pass on to a
6 retailer any amount of tax per gallon greater than the
7 amount of tax per gallon of liquid fuel that the
8 wholesaler paid on the highest price per gallon of
9 liquid fuel sold by the wholesaler to any retailer
10 during the taxable year, and in addition thereto an
11 amount, to be known as the "county of Maui fuel tax",
12 as shall be levied pursuant to section 243-5; and
13 (7) For each gallon of liquid fuel, other than fuel
14 mentioned in paragraphs (1), (2), and (3), and other
15 than an alternative fuel, sold or used in the county
16 of Kauai, or sold in any county for ultimate use in
17 the county of Kauai, the greater of 16 cents state
18 tax[7] or a tax of _____ per cent of the wholesale
19 price to the retailer per gallon of liquid fuel;
20 provided that if the tax based on the percentage of
21 wholesale price is applied, a wholesaler shall not



1 pass on to a retailer any amount of tax per gallon
2 greater than the amount of tax per gallon of liquid
3 fuel that the wholesaler paid on the highest price per
4 gallon of liquid fuel sold by the wholesaler to any
5 retailer during the taxable year, and in addition
6 thereto an amount, to be known as the "county of Kauai
7 fuel tax", as shall be levied pursuant to section
8 243-5.

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

18 (b) Every distributor of diesel or biodiesel oil, in
19 addition to the tax required by subsection (a), shall pay a
20 license tax to the department for each gallon of diesel or
21 biodiesel oil sold or used by the distributor for operating a



1 motor vehicle or motor vehicles upon public highways of the
2 State. The rates of the additional tax imposed are as follows:

- 3 (1) For each gallon of diesel or biodiesel oil sold or
4 used in the city and county of Honolulu, or sold in
5 any other county for ultimate use in the city and
6 county of Honolulu, the greater of 15 cents state
7 tax[7] or a tax of _____ per cent of the wholesale
8 price to the retailer per gallon of diesel or
9 biodiesel oil; provided that if the tax based on the
10 percentage of wholesale price is applied, a wholesaler
11 shall not pass on to a retailer any amount of tax per
12 gallon greater than the amount of tax per gallon of
13 diesel or biodiesel oil that the wholesaler paid on
14 the highest price per gallon of diesel or biodiesel
15 oil sold by the wholesaler to any retailer during the
16 taxable year, and in addition thereto an amount, to be
17 known as the "city and county of Honolulu fuel tax",
18 as shall be levied pursuant to section 243-5;
- 19 (2) For each gallon of diesel or biodiesel oil sold or
20 used in the county of Hawaii, or sold in any other
21 county for ultimate use in the county of Hawaii, the



1 greater of 15 cents state tax[7] or a tax of _____ per
2 cent of the wholesale price to the retailer per gallon
3 of diesel or biodiesel oil; provided that if the tax
4 based on the percentage of wholesale price is applied,
5 a wholesaler shall not pass on to a retailer any
6 amount of tax per gallon greater than the amount of
7 tax per gallon of diesel or biodiesel oil that the
8 wholesaler paid on the highest price per gallon of
9 diesel or biodiesel oil sold by the wholesaler to any
10 retailer during the taxable year, and in addition
11 thereto an amount, to be known as the "county of
12 Hawaii fuel tax", as shall be levied pursuant to
13 section 243-5;

14 (3) For each gallon of diesel or biodiesel oil sold or
15 used in the county of Maui, or sold in any other
16 county for ultimate use in the county of Maui, the
17 greater of 15 cents state tax, or a tax of _____ per
18 cent of the wholesale price to the retailer per gallon
19 of diesel or biodiesel oil; provided that if the tax
20 based on the percentage of wholesale price is applied,
21 a wholesaler shall not pass on to a retailer any



1 amount of tax per gallon greater than the amount of
2 tax per gallon of diesel or biodiesel oil that the
3 wholesaler paid on the highest price per gallon of
4 diesel or biodiesel oil sold by the wholesaler to any
5 retailer during the taxable year, and in addition
6 thereto an amount, to be known as the "county of Maui
7 fuel tax", as shall be levied pursuant to section
8 243-5; and

- 9 (4) For each gallon of diesel or biodiesel oil sold or
10 used in the county of Kauai, or sold in any other
11 county for ultimate use in the county of Kauai, the
12 greater of 15 cents state tax[7] or a tax of _____ per
13 cent of the wholesale price to the retailer per gallon
14 of diesel or biodiesel oil; provided that if the tax
15 based on the percentage of wholesale price is applied,
16 a wholesaler shall not pass on to a retailer any
17 amount of tax per gallon greater than the amount of
18 tax per gallon of diesel or biodiesel oil that the
19 wholesaler paid on the highest price per gallon of
20 diesel or biodiesel oil sold by the wholesaler to any
21 retailer during the taxable year, and in addition



1 thereto an amount, to be known as the "county of Kauai
2 fuel tax", as shall be levied pursuant to section
3 243-5.

4 If any user of diesel or biodiesel oil furnishes a
5 certificate, in a form that the department shall prescribe, to
6 the distributor or if the distributor who uses diesel or
7 biodiesel oil signs the certificate, certifying that the diesel
8 or biodiesel oil is for use in operating a motor vehicle or
9 motor vehicles in areas other than upon the public highways of
10 the State, the tax as provided in paragraphs (1) to (4) shall
11 not be applicable. If a certificate is not or cannot be
12 furnished and the diesel or biodiesel oil is in fact for use for
13 operating a motor vehicle or motor vehicles in areas other than
14 upon public highways of the State, the user thereof may obtain a
15 refund of all taxes thereon imposed by the foregoing paragraphs.
16 The department shall adopt rules to administer the refunding of
17 such taxes.

18 For the purposes of subsection (a) and this subsection, the
19 term "wholesale price" means the amount a wholesaler of liquid
20 fuel, diesel oil, or biodiesel oil charges a retailer prior to
21 the inclusion of any taxes.



1 (c) The tax shall not be collected in respect to any
2 benzol, benzene, toluol, xylol, or alternative fuel sold for use
3 other than for operating internal combustion engines. With
4 respect to these products, other than alternative fuels, the
5 department, by rule, shall provide for the reporting and payment
6 of the tax and for the keeping of records in such a manner as to
7 collect, for each gallon of each product sold for use in
8 internal combustion engines for the generation of power, or so
9 used, the same tax or taxes as apply to each gallon of diesel
10 oil. With respect to alternative fuels, other than biodiesel,
11 the only tax collected shall be that provided in paragraphs (1),
12 (2), and (3) of this subsection. This subsection shall not
13 apply to aviation fuel sold for use in or used for airplanes.

14 (1) Every distributor of any alternative fuel for
15 operation of an internal combustion engine shall pay a
16 license tax to the department of one-quarter of 1 cent
17 for each gallon of alternative fuel sold or used by
18 the distributor;

19 (2) Every distributor, in addition to the tax required
20 under paragraph (1) of this subsection, shall pay a
21 license tax to the department for each gallon of



1 alternative fuel sold or used by the distributor for
2 operating a motor vehicle or motor vehicles upon the
3 public highways of the State at a rate proportional to
4 that of the rates applicable to diesel oil in
5 subsection (b), rounded to the nearest one-tenth of a
6 cent, as follows:

7 (A) Ethanol, 0.145 times the rate for diesel;

8 (B) Methanol, 0.11 times the rate for diesel;

9 [~~(C)~~] ~~Biodiesel, 0.25 times the rate for diesel;~~

10 ~~(D)]~~ (C) Liquefied petroleum gas, 0.33 times the rate
11 for diesel; and

12 [~~(E)]~~ (D) For other alternative fuels, the rate shall
13 be based on the energy content of the fuels as
14 compared to diesel fuel, using a lower heating
15 value of one hundred thirty thousand British
16 thermal units per gallon as a standard for
17 diesel, so that the tax rate, on an energy
18 content basis, is equal to one-quarter the rate
19 for diesel fuel.

20 The taxes so paid shall be paid into the state
21 treasury and deposited in special funds or paid over



1 in the same manner as provided in subsection (b) in
2 respect of the tax on diesel oil;

3 (3) If any user of alternative fuel furnishes to the
4 distributor a certificate, in a form that the
5 department shall prescribe or if the distributor who
6 uses alternative fuel signs the certificate,
7 certifying that the alternative fuel is for use in
8 operating a motor vehicle or motor vehicles in areas
9 other than upon the public highways of the State, the
10 tax as provided by paragraphs (1) and (2) of this
11 subsection shall not be applicable; provided that no
12 certificate shall be required if the alternative fuel
13 is used for fuel and heating purposes in the home. If
14 a certificate is not or cannot be furnished and the
15 alternative fuel is in fact used for operating an
16 internal combustion engine or operating a motor
17 vehicle or motor vehicles in areas other than upon the
18 public highways of the State, the user thereof may
19 obtain a refund of all taxes thereon imposed by the
20 foregoing paragraphs. The department shall adopt
21 rules to administer the refunding of these taxes.



1 (d) No tax shall be collected in respect to any liquid
 2 fuel, including diesel oil, biodiesel oil, and liquefied
 3 petroleum gas, shown to the satisfaction of the department to
 4 have been sold for use in and actually delivered to, or sold in,
 5 the county of Kalawao."

6 SECTION 2. Section 243-10, Hawaii Revised Statutes, is
 7 amended to read as follows:

8 "§243-10 **Statements and payments.** Each distributor and
 9 each person subject to section 243-4(b), on or before the
 10 twentieth day of each calendar month, shall file with the
 11 director of taxation, on forms prescribed, prepared, and
 12 furnished by the director, a statement, authenticated as
 13 provided in section 231-15, showing separately for each county
 14 and for the island of Lanai and the island of Molokai within
 15 which and whereon fuel is sold or used during each preceding
 16 month of the calendar year, the following:

- 17 (1) The total number of gallons of fuel refined,
- 18 manufactured, or compounded by the distributor or
- 19 person within the State and sold or used by the
- 20 distributor or person, and if for ultimate use in



1 another county or on either island, the name of that
2 county or island;

3 (2) The total number of gallons of fuel acquired by the
4 distributor or person during the month from persons
5 not subject to the tax on the transaction or only
6 subject to tax thereon at the rate of 1 cent per
7 gallon, as the case may be, and sold or used by the
8 distributor or person, and if for ultimate use in
9 another county or on either island, the name of that
10 county or island;

11 (3) The total number of gallons of fuel sold by the
12 distributor or person to the United States or any
13 department or agency thereof, or to any other person
14 or entity, or used in any manner, the effect of which
15 sale or use is to exempt the fuel from the tax imposed
16 by this chapter;

17 (4) Additional information relative to the acquisition,
18 purchase, manufacture, or importation into the State,
19 and the sale, use, or other disposition, of diesel or
20 biodiesel oil by the distributor or person during the



1 month, as the department of taxation by rule shall
2 prescribe.

3 At the time of submitting the foregoing report to the
4 department, each distributor and person shall pay the tax on
5 each gallon of fuel (including diesel or biodiesel oil) sold or
6 used by the distributor or person in each county and on the
7 island of Lanai and the island of Molokai during the preceding
8 month, as shown by the statement and required by this chapter;
9 provided that the tax shall not apply to any fuel exempted and
10 so long as the same is exempted from the imposition of the tax
11 by the Constitution or laws of the United States; and the tax
12 shall be paid only once upon the same fuel; provided further
13 that a licensed distributor shall be entitled, in computing the
14 tax the licensed distributor is required to pay, to deduct from
15 the gallons of fuel reported for the month for each county or
16 for the island of Lanai or the island of Molokai, as the case
17 may be, one gallon for each ninety-nine gallons of like liquid
18 fuel sold by retail dealers in that county or on that island
19 during the month, as shown by certificates furnished by the
20 retail dealers to the distributor and attached to the
21 distributor's report. All taxes payable for any month shall be



1 delinquent after the expiration of the twentieth day of the
2 following month.

3 Statements filed under this section concerning the number
4 of gallons of fuel refined, manufactured, compounded, imported,
5 sold or used by the distributor or person are public records."

6 SECTION 3. Statutory material to be repealed is bracketed
7 and stricken. New statutory material is underscored.

8 SECTION 4. This Act shall take effect on July 1, 2050.



Report Title:

State Fuel Tax; Assessment Bases; Reporting

Description:

Changes the assessment of the state fuel tax from a specified amount per gallon to the greater of a specified amount per gallon or an unspecified percentage of the wholesale price per gallon to the retailer. Subjects biodiesel oil to the same tax rates and reporting requirements as diesel oil. (HB1467 HD1)

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