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## A BILL FOR AN ACT

RELATING TO THE FUEL TAX.

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

1           SECTION 1. The purpose of this Act is to suspend the state  
2 fuel tax for a one year period from July 1, 2023, to June 30,  
3 2024.

4           SECTION 2. Section 243-4, Hawaii Revised Statutes, is  
5 amended by amending subsections (a) and (b) to read as follows:

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



- 1 (1) For each gallon of diesel oil, 1 cent;
- 2 (2) For each gallon of gasoline or other aviation fuel  
3 sold for use in or used for airplanes, 1 cent;
- 4 (3) For each gallon of naphtha sold for use in a power-  
5 generating facility, 2 cents;
- 6 (4) For each gallon of liquid fuel, other than fuel  
7 mentioned in paragraphs (1), (2), and (3), and other  
8 than an alternative fuel, sold or used in the city and  
9 county of Honolulu, or sold in any county for ultimate  
10 use in the city and county of Honolulu, [~~16~~] 0 cents  
11 state tax, and in addition thereto an amount, to be  
12 known as the "city and county of Honolulu fuel tax",  
13 as shall be levied pursuant to section 243-5;
- 14 (5) For each gallon of liquid fuel, other than fuel  
15 mentioned in paragraphs (1), (2), and (3), and other  
16 than an alternative fuel, sold or used in the county  
17 of Hawaii, or sold in any county for ultimate use in  
18 the county of Hawaii, [~~16~~] 0 cents state tax, and in  
19 addition thereto an amount, to be known as the "county  
20 of Hawaii fuel tax", as shall be levied pursuant to  
21 section 243-5;



1           (6) 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 Maui, or sold in any county for ultimate use in the  
5           county of Maui, [~~16~~] 0 cents state tax, and in  
6           addition thereto an amount, to be known as the "county  
7           of Maui fuel tax", as shall be levied pursuant to  
8           section 243-5; and

9           (7) For each gallon of liquid fuel, other than fuel  
10          mentioned in paragraphs (1), (2), and (3), and other  
11          than an alternative fuel, sold or used in the county  
12          of Kauai, or sold in any county for ultimate use in  
13          the county of Kauai, [~~16~~] 0 cents state tax, and in  
14          addition thereto an amount, to be known as the "county  
15          of Kauai fuel tax", as shall be levied pursuant to  
16          section 243-5.

17           If it is shown to the satisfaction of the department, based  
18          upon proper records and from any other evidence as the  
19          department may require, that liquid fuel, other than fuel  
20          mentioned in paragraphs (1), (2), and (3), is used for  
21          agricultural equipment that does not operate upon the public



1 highways of the State, the user thereof may obtain a refund of  
2 all taxes thereon imposed by this section in excess of 1 cent  
3 per gallon. The department shall adopt rules to administer such  
4 refunds.

5 (b) Every distributor of diesel oil, in addition to the  
6 tax required by subsection (a), shall pay a license tax to the  
7 department for each gallon of diesel oil sold or used by the  
8 distributor for operating a motor vehicle or motor vehicles upon  
9 public highways of the State. The rates of the additional tax  
10 imposed are as follows:

11 (1) For each gallon of diesel oil sold or used in the city  
12 and county of Honolulu, or sold in any other county  
13 for ultimate use in the city and county of Honolulu,  
14 [~~15~~] 0 cents state tax, and in addition thereto an  
15 amount, to be known as the "city and county of  
16 Honolulu fuel tax", as shall be levied pursuant to  
17 section 243-5;

18 (2) For each gallon of diesel oil sold or used in the  
19 county of Hawaii, or sold in any other county for  
20 ultimate use in the county of Hawaii, [~~15~~] 0 cents  
21 state tax, and in addition thereto an amount, to be



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1 known as the "county of Hawaii fuel tax", as shall be  
2 levied pursuant to section 243-5;

3 (3) For each gallon of diesel oil sold or used in the  
4 county of Maui, or sold in any other county for  
5 ultimate use in the county of Maui, [~~15~~] 0 cents state  
6 tax, and in addition thereto an amount, to be known as  
7 the "county of Maui fuel tax", as shall be levied  
8 pursuant to section 243-5; and

9 (4) For each gallon of diesel oil sold or used in the  
10 county of Kauai, or sold in any other county for  
11 ultimate use in the county of Kauai, [~~15~~] 0 cents  
12 state tax, and in addition thereto an amount, to be  
13 known as the "county of Kauai fuel tax", as shall be  
14 levied pursuant to section 243-5.

15 If any user of diesel oil furnishes a certificate, in a  
16 form that the department shall prescribe, to the distributor or  
17 if the distributor who uses diesel oil signs the certificate,  
18 certifying that the diesel oil is for use in operating a motor  
19 vehicle or motor vehicles in areas other than upon the public  
20 highways of the State, the tax as provided in paragraphs (1) to  
21 (4) shall not be applicable. If a certificate is not or cannot



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1 be furnished and the diesel oil is in fact for use for operating  
2 a motor vehicle or motor vehicles in areas other than upon  
3 public highways of the State, the user thereof may obtain a  
4 refund of all taxes thereon imposed by the foregoing paragraphs.  
5 The department shall adopt rules to administer the refunding of  
6 such taxes."

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

9 SECTION 4. This Act shall take effect on July 1, 2023;  
10 provided that on June 30, 2024, this Act shall be repealed and  
11 section 243-4 (a) and (b), Hawaii Revised Statutes, shall be  
12 reenacted in the form in which it read on the day before the  
13 effective date of this Act.

14

INTRODUCED BY:



JAN 20 2023



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**Report Title:**

State Fuel Tax; Temporary Suspension

**Description:**

Suspends the state fuel tax for the period of July 1, 2023, to June 30, 2024.

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

