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# A BILL FOR AN ACT

RELATING TO TAXATION.

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

1           SECTION 1. The legislature finds that Hawaii residents  
2 bear the fifth highest state fuel tax burdens, paying nearly  
3 fifty cents per gallon of gasoline. The gas tax places a larger  
4 burden on working families who are largely dependent on their  
5 personal vehicles to travel between home and work. The  
6 legislature finds that a tax relief is needed to help residents  
7 with high gas prices and lower the cost of living. The purpose  
8 of this Act is to eliminate state taxes on motor fuels.

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

11           "(a) Every distributor shall, in addition to any other  
12 taxes provided by law, pay a license tax to the department of  
13 taxation for each gallon of liquid fuel refined, manufactured,  
14 produced, or compounded by the distributor and sold or used by  
15 the distributor in the State or imported by the distributor, or  
16 acquired by the distributor from persons who are not licensed  
17 distributors, and sold or used by the distributor in the State.



1 Any person who sells or uses any liquid fuel, knowing that the  
2 distributor from whom it was originally purchased has not paid  
3 and is not paying the tax thereon, shall pay such tax as would  
4 have applied to such sale or use by the distributor. The rates  
5 of tax imposed are as follows:

- 6 (1) For each gallon of diesel oil, 1 cent;
- 7 (2) For each gallon of gasoline or other aviation fuel  
8 sold for use in or used for airplanes, 1 cent;
- 9 (3) For each gallon of naphtha sold for use in a power-  
10 generating facility, 2 cents;
- 11 (4) 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 city and  
14 county of Honolulu, or sold in any county for ultimate  
15 use in the city and county of Honolulu, [~~16 cents~~  
16 ~~state tax, 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 (5) 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



1 of Hawaii, or sold in any county for ultimate use in  
2 the county of Hawaii, [~~16 cents state tax, and in~~  
3 ~~addition thereto~~] an amount, to be known as the  
4 "county of Hawaii fuel tax", as shall be levied  
5 pursuant to section 243-5;

6 (6) 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 county  
9 of Maui, or sold in any county for ultimate use in the  
10 county of Maui, [~~16 cents state tax, and in addition~~  
11 ~~thereto~~] an amount, to be known as the "county of Maui  
12 fuel tax", as shall be levied pursuant to section 243-  
13 5; and

14 (7) 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 Kauai, or sold in any county for ultimate use in  
18 the county of Kauai, [~~16 cents state tax, and in~~  
19 ~~addition thereto~~] an amount, to be known as the  
20 "county of Kauai fuel tax", as shall be levied  
21 pursuant to section 243-5.



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

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

16           (1) For each gallon of diesel oil sold or used in the city  
17               and county of Honolulu, or sold in any other county  
18               for ultimate use in the city and county of Honolulu,  
19               ~~[15 cents state tax, and in addition thereto]~~ an  
20               amount, to be known as the "city and county of



1 Honolulu fuel tax", as shall be levied pursuant to  
2 section 243-5;

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

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

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



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

14           SECTION 3. Statutory material to be repealed is bracketed  
15 and stricken. New statutory material is underscored.

16           SECTION 4. This Act, upon its approval, shall apply to  
17 taxable years beginning after December 31, 2024.

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H.B. NO. 2732

INTRODUCED BY: Dennis

JAN 24 2024



# H.B. NO. 2732

**Report Title:**

Tax; Fuel; Gasoline; Cost of Living; Affordability

**Description:**

Eliminates state taxes on gasoline and diesel fuel for motor vehicles.

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

HB HMIA 2024-41-07

