

ACT 199

H.B. NO. 3607

A Bill for an Act Relating to Government Assistance.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. The legislature finds that without any intervention, the

decrease in local sugar production will lead to unemployment for hundreds of employees. The anticipated cost per year in terms of unemployment and welfare benefits will be substantial, and the loss of tax revenues and related business will have a severe detrimental effect on the State's economy.

The legislature further finds that the continued cultivation of sugar cane to produce ethanol and related by-products shows significant potential in the effort to diversify the State's economy, to create new job opportunities, and to sustain aspects of the sugar industry. The production of ethanol would provide the State with an alternative energy product to petroleum-based fuels. Fuel grade ethanol would support efforts to reduce the State's virtual reliance on petroleum-based fuels.

The purpose of this Act is to authorize the director of business, economic development, and tourism to adopt rules to mandate the use of ethanol in transportation fuel, and thus diversify the state's economy by accelerating the development and production of alternative transportation fuels.

SECTION 2. Chapter 486E, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

"§486E- Ethanol content requirement. (a) The department shall adopt rules in accordance with chapter 91 to require that gasoline sold in the state for use in motor vehicles contain ten per cent ethanol by volume. The amounts of gasoline sold in the state containing ten per cent ethanol shall be in accordance with rules as the director deems appropriate. The director may authorize the sale of gasoline that does not meet these requirements as provided in subsection (d).

(b) Gasoline blended with an ethanol-based product, such as ethyl tertiary butyl ether, shall be considered to be in conformance with this section if the quantity of ethanol used in the manufacture of the ethanol-based product represents ten per cent, by volume, of the finished motor fuel.

(c) Ethanol used in the manufacture of ethanol-based gasoline additives, such as ethyl tertiary butyl ether, may be considered to contribute to the distributor's conformance with this section; provided that the total quantity of ethanol used by the distributor is an amount equal to or greater than the amount of ethanol required under this section.

(d) The department may authorize the sale of gasoline that does not meet the provisions of this section:

- (1) To the extent that sufficient quantities of competitively-priced ethanol are not available to meet the minimum requirements of this section; or
- (2) In the event of any other circumstances for which the department determines compliance with this section would cause undue hardship.

(e) Each distributor, at such reporting dates as the director may establish, shall file with the director, on forms prescribed, prepared, and furnished by the director, a certified statement showing:

- (1) The price and amount of ethanol available;
- (2) The amount of ethanol-blended fuel sold by the distributor;
- (3) The amount of non-ethanol-blended gasoline sold by the distributor; and
- (4) Any other information the department shall require for the purposes of compliance with this section.

(f) Provisions with respect to confidentiality of information shall be the same as provided in chapter 486I.

(g) Any distributor or any other person violating the requirements of this section shall be subject to a fine of not less than \$2 per gallon of nonconforming fuel, up to a maximum of \$10,000 per infraction.

(h) The department, in accordance with chapter 91, shall adopt rules for the administration and enforcement of this section.

(i) As used in this section:

“Competitively priced” means fuel-grade ethanol for which the wholesale price, minus the value of all applicable federal, state, and county tax credits and exemptions, is not more than the average posted rack price of unleaded gasoline of comparable grade published in the State.

“Department” means the department of business, economic development, and tourism.”

SECTION 3. The department of business, economic development, and tourism shall submit monthly reports to the legislature of the progress made to construct ethanol production facilities in the state.

SECTION 4. New statutory material is underscored.¹

SECTION 5. This Act shall take effect July 1, 1996.

(Approved June 21, 1994.)

Note

1. Edited pursuant to HRS §23G-16.5.