
A BILL FOR AN ACT

RELATING TO CLEAN FUEL.

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

1 SECTION 1. Hawaii depends on imported petroleum for over
2 ninety per cent of its transportation energy needs, leaving the
3 State extremely vulnerable to an oil embargo, supply disruption
4 or other energy emergency. Hawaii's energy security can be
5 increased by diversifying Hawaii's transportation fuel needs so
6 that the State will be more reliant on alternative fuels and
7 efficient vehicles.

8 The legislature finds that imposing an additional tax on
9 vehicles that weigh more, and proportionally consume more
10 petroleum fuel, will benefit all citizens of Hawaii and address
11 energy security problems that will adversely affect the State.

12 The purpose of this Act, among other things, is to:

- 13 (1) Impose a one per cent tax on the sale of passenger
14 cars and light-duty trucks weighing more than five
15 thousand pounds curb weight;
- 16 (2) Allocate the additional tax revenue received into a
17 clean fuel fund that will be made available as a



1 rebate on qualified alternative fuel vehicles and
2 hybrid vehicles purchased in the State;

3 (3) Require the state director of finance to develop and
4 implement a plan to distribute the clean fuel fund by
5 December 31, 2008; and

6 (4) Exempts certain qualified vehicles from the tax.

7 SECTION 2. Chapter 239, Hawaii Revised Statutes, is
8 amended by adding a new section to be appropriately designated
9 and to read follows:

10 "§239- Clean fuel. (a) In addition to the tax levied
11 in section 239-13(2) (A), there shall be an additional tax levied
12 on the gross proceeds of sales of passenger cars and light-duty
13 trucks; provided that insofar as the sale of tangible personal
14 property is a wholesale sale under section 237-4(a) (8) (B), the
15 sale shall be subject to section 237-13.3.

16 Upon every sale of a passenger car or light-duty truck
17 weighing over five thousand pounds curb weight there is likewise
18 hereby levied, in addition to the tax levied in section
19 239-13(2) (A), a tax equivalent to one per cent of the gross
20 proceeds of sales of the passenger car or light-duty truck.

21 Vehicles weighing over five thousand pounds curb weight
22 that do not satisfy the qualified alternative fuel vehicle



1 requirement, but are capable of operating on an alternative
2 fuel, will not be subject to the additional general excise tax.

3 (b) The tax levied in subsection (a) that is in addition
4 to the tax levied in section 239-13(2) (A) shall be collected and
5 deposited into the clean fuel fund that is established to
6 provide a rebate on the purchase, within the State, of a
7 qualified alternative fuel vehicle or hybrid vehicle. The
8 director of finance is authorized and shall develop and
9 implement a plan to distribute the clean fuel fund by
10 December 31, 2008.

11 The clean fuel fund will expire when there are no funds
12 available for rebates from the additional tax levied on
13 passenger cars and light-duty trucks that weigh over five
14 thousand pounds. The rebate on qualified alternative fuel
15 vehicles and hybrid vehicles will concurrently expire when the
16 clean fuel fund expires.

17 Any additional revenue that is generated from the
18 additional tax levied on passenger cars and light-duty trucks
19 after the clean fuel fund has expired will be allocated to the
20 general fund.

21 (c) For the purposes of this section:



1 "Alternative fuel" shall have the same meaning as that term
2 in defined under section 243-1.

3 "Hybrid vehicle" is a vehicle that draws its power for
4 driving the vehicle from both an internal combustion engine or
5 heat engine using combustible fuel and a rechargeable energy
6 storage system.

7 "Passenger car" shall have the same meaning as that term is
8 defined under section 286-2.

9 "Pickup truck" shall have the same meaning as that term is
10 defined under 40 CFR 86.1803-01.

11 "Qualified alternative fuel vehicle" means a vehicle that:

12 (1) Weighs less than ten thousand pounds curb weight, that
13 operates on an alternative fuel; and

14 (2) For light-duty trucks, when operating on an
15 alternative fuel, obtains seventeen miles per gallon;

16 or

17 (3) For passenger cars, when operating on an alternative
18 fuel, obtains twenty-two miles per gallon.

19 "Vehicle" means a new passenger car or light-duty truck
20 purchased in the State."

21 SECTION 3. Section 237-24, Hawaii Revised Statutes, is
22 amended to read as follows:



1 "**§237-24 Amounts not taxable.** This chapter shall not
2 apply to the following amounts:

- 3 (1) Amounts received under life insurance policies and
4 contracts paid by reason of the death of the insured;
- 5 (2) Amounts received (other than amounts paid by reason of
6 death of the insured) under life insurance, endowment,
7 or annuity contracts, either during the term or at
8 maturity or upon surrender of the contract;
- 9 (3) Amounts received under any accident insurance or
10 health insurance policy or contract or under workers'
11 compensation acts or employers' liability acts, as
12 compensation for personal injuries, death, or
13 sickness, including also the amount of any damages or
14 other compensation received, whether as a result of
15 action or by private agreement between the parties on
16 account of the personal injuries, death, or sickness;
- 17 (4) The value of all property of every kind and sort
18 acquired by gift, bequest, or devise, and the value of
19 all property acquired by descent or inheritance;
- 20 (5) Amounts received by any person as compensatory damages
21 for any tort injury to the person, or to the person's
22 character reputation, or received as compensatory



1 damages for any tort injury to or destruction of
2 property, whether as the result of action or by
3 private agreement between the parties [+]; provided
4 that amounts received as punitive damages for tort
5 injury or breach of contract injury shall be included
6 in gross income[+];

7 (6) Amounts received as salaries or wages for services
8 rendered by an employee to an employer;

9 (7) Amounts received as alimony and other similar payments
10 and settlements;

11 (8) Amounts collected by distributors as fuel taxes on
12 "liquid fuel" imposed by chapter 243, and the amounts
13 collected by such distributors as a fuel tax imposed
14 by any Act of the Congress of the United States;

15 (9) Taxes on liquor imposed by chapter 244D on dealers
16 holding permits under that chapter;

17 (10) The amounts of taxes on cigarettes and tobacco
18 products imposed by chapter 245 on wholesalers or
19 dealers holding licenses under that chapter and
20 selling the products at wholesale;



- 1 (11) Federal excise taxes imposed on articles sold at
2 retail and collected from the purchasers thereof and
3 paid to the federal government by the retailer;
- 4 (12) The amounts of federal taxes under chapter 37 of the
5 Internal Revenue Code, or similar federal taxes,
6 imposed on sugar manufactured in the State, paid by
7 the manufacturer to the federal government;
- 8 (13) An amount up to, but not in excess of, \$2,000 a year
9 of gross income received by any blind, deaf, or
10 totally disabled person engaging, or continuing, in
11 any business, trade, activity, occupation, or calling
12 within the State; a corporation all of whose
13 outstanding shares are owned by an individual or
14 individuals who are blind, deaf, or totally disabled;
15 a general, limited, or limited liability partnership,
16 all of whose partners are blind, deaf, or totally
17 disabled; or a limited liability company, all of whose
18 members are blind, deaf, or totally disabled;
- 19 (14) Amounts received by a producer of sugarcane from the
20 manufacturer to whom the producer sells the sugarcane,
21 where:



1 (A) The producer is an independent cane farmer, so
2 classed by the Secretary of Agriculture under the
3 Sugar Act of 1948 (61 Stat. 922, Chapter 519) as
4 the Act may be amended or supplemented;

5 (B) The value or gross proceeds of sale of the sugar,
6 and other products manufactured from the
7 sugarcane, is included in the measure of the tax
8 levied on the manufacturer under section
9 237-13(1) or (2);

10 (C) The producer's gross proceeds of sales are
11 dependent upon the actual value of the products
12 manufactured therefrom or the average value of
13 all similar products manufactured by the
14 manufacturer; and

15 (D) The producer's gross proceeds of sales are
16 reduced by reason of the tax on the value or sale
17 of the manufactured products;

18 (15) Money paid by the State or eleemosynary child-placing
19 organizations to foster parents for their care of
20 children in foster homes; ~~and~~

21 (16) Amounts received by a cooperative housing corporation
22 from its shareholders in reimbursement of funds paid

1 by such corporation for lease rental, real property
 2 taxes, and other expenses of operating and maintaining
 3 the cooperative land and improvements; provided that
 4 such a cooperative corporation is a corporation:

5 (A) Having one and only one class of stock
 6 outstanding;

7 (B) Each of the stockholders of which is entitled
 8 solely by reason of the stockholder's ownership
 9 of stock in the corporation, to occupy for
 10 dwelling purposes a house, or an apartment in a
 11 building owned or leased by the corporation; and

12 (C) No stockholder of which is entitled (either
 13 conditionally or unconditionally) to receive any
 14 distribution not out of earnings and profits of
 15 the corporation except in a complete or partial
 16 liquidation of the corporation[-]; and

17 (17) Amounts received from the sale of a vehicle that is a
 18 qualified alternative fuel vehicle or hybrid vehicle
 19 as defined in section 239- , and is registered to a
 20 business in the State or is an emergency or police
 21 vehicle; provided that:



1 (A) The exemption shall not apply to the purchase of
 2 a qualified alternative fuel vehicle or hybrid
 3 vehicle if there is another credit available
 4 under this chapter for which the vehicle
 5 qualifies; and

6 (B) A taxpayer may, in connection with the purchase
 7 of a qualified alternative fuel vehicle or hybrid
 8 vehicle, transfer any credit allowable to any
 9 person who is in the trade or business of selling
 10 new qualified alternative fuel vehicles or hybrid
 11 vehicles, but only if such person clearly
 12 discloses to such taxpayer the amount of any
 13 credit allowable with respect to such vehicle."

14 SECTION 4. In codifying the new sections added by section
 15 2 of this Act, the revisor of statutes shall substitute
 16 appropriate section numbers for the letters used in designating
 17 the new sections in this Act.

18 SECTION 5. Statutory material to be repealed is bracketed
 19 and stricken. New statutory material is underscored.

20 SECTION 6. This Act shall take effect upon its approval.

21

INTRODUCED BY: Cirk Caldwell



Report Title:

Taxation; Clean Fuel

Description:

Provides tax incentives for the purchase of cars and trucks that run on clean fuel.

