A BILL FOR AN ACT

RELATING TO THE PETROLEUM INDUSTRY.

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

1	SECTION 1. Section 486H-13, Hawaii Revised Statutes, is
2	amended by amending subsection (1) to read as follows:
3	"(1) The suspension of the maximum pre-tax wholesale
4	gasoline price shall suspend the commission's duty to calculate
5	and publish the maximum pre-tax wholesale gasoline price that
6	would have been in effect but for the suspension, but shall not
7	suspend or affect:
8	(1) Any duty to register, timely provide information, make
9	a report, or file a statement under chapter 486J; or
10	(2) Any duty of the commission to [-
11	(A) Timely obtain, analyze, or publicly disclose or
12	report information under chapter 486J; and
13	- (B) - Enforce chapter 486B."
14	SECTION 2. Section 486H-13, Hawaii Revised Statutes, is
15	amended by amending subsection (n) to read as follows:
16	"(n) The commission shall have the power to determine the
17	extent to which a manufacturer, wholesaler, or jobber is
18	complying with any requirement imposed or rule adopted under
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    this section, including the power to compel a manufacturer,
 2
    wholesaler, or jobber to submit documents, data, and information
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    necessary and appropriate for the commission to determine [such]
 4
    compliance.
                 [The commission may use data collected pursuant to
 5
    chapter 486J in determining such compliance.] "
 6
         SECTION 3. Section 486J-1, Hawaii Revised Statutes, is
 7
    amended to read as follows:
8
         "§486J-1 Definitions. As used in this chapter:
9
         ["Aviation fuel" means and includes all liquid substances
10
    of whatever chemical composition usable for the propulsion of
11
    airplanes.
12
         "Classes of retail trade" means the separate subdivisions,
13
    or-"classes", of outlets or methods of retail sales of liquid
14
    fuels, typically but not always limited-to-gasoline-and diesel
15
    for motor vehicles, and includes any:
16
         (1) Company operated station that is a retail service
17
              station owned and operated by a refiner or wholesale
18
              distributor and where retail prices are set by that
19
              refiner or wholesale distributor;
20
         (2) Lessee dealer operated station that is a retail
21
              service station owned by a refiner or wholesale
22
              distributor and operated by a qualified qasoline
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1		dealer other than a refiner or wholesale distributor
2		under a franchise; or
3	(3)	Owner operated station that is a retail service
4		station not owned by a refiner or wholesale
5		distributor and operated by a qualified gasoline
6		dealer.]
7	"Com	mission" means the public utilities commission.
8	[#€ ⊕	mpetitively priced" means fuel grade ethanol for which
9	the whole	sale price, minus the value of all applicable federal,
10	state, an	d county tax credits and exemptions, is not more than
11	the avera	ge posted rack price of unleaded gasoline of comparable
12	grade pub	lished in the State.
13	"Cor	porate overhead expenses" means the expenses or costs
14	allocated	by the refiners that reflect their Hawaii business
15	units' sh	are of corporate staff costs, such as legal, finance,
16	accountin	g, information technology, and similar costs.
17	п Dea	ler tank wagon price" means the wholesale price at
18	which liq	uid fuel is sold to any retail outlet by any
19	distribut	or priced on a delivered basis to a retail outlet.
20	"Dep	artment" means the department of business, economic
21	developme	nt, and tourism.

"Director" means the director of business, economic 1 2 development, and tourism. 3 "Distributor" means: 4 (1) Every person who refines, manufactures, produces, or 5 compounds fuel in the State and sells it at wholesale 6 or at retail; Every person who imports or causes to be imported into 7 (2) 8 the State, or exports or causes to be exported from the State, any fuel; 9 Every person who acquires fuel through exchanges with 10 (3) another distributor; or 11 12 (4)Every person who purchases fuel for resale at wholesale or retail from any person described in 13 14 paragraph (1), (2), or (3); provided that "distributor" shall not include a marina, lessee 15 dealer-operated station, owner-operated station, or 16 17 other retailer that retails fuel only to end users or 18 the public. 19 ["Energy" means work or heat that is, or may be, produced 20 from-any fuel or source whatsoever.] 21 "Fuel" means fuels, whether liquid, solid, or gaseous, 22 commercially usable for energy needs, power generation, and HB LRB 10-0828.doc

- 1 fuels manufacture, that may be manufactured, grown, produced, or
- 2 imported into the State or that may be exported therefrom,
- 3 including petroleum and petroleum products and gases, coal, coal
- 4 tar, vegetable ferments, and all fuel alcohols.
- 5 "Liquid fuel" means fuels in liquid form, commercially
- 6 usable for energy needs, power generation, and fuels that may be
- 7 manufactured, produced, or imported into the State or that may
- 8 be exported therefrom, including petroleum and petroleum
- 9 products and all fuel alcohols.
- 10 ["Major fuel user" means any person who uses fuel in the
- 11 manufacture of products or for the generation of power in
- 12 amounts determined by the commission as having a major effect on
- 13 energy supplies.
- 14 "Major marketer" means any person who sells natural gas,
- 15 propane, synthetic natural gas, or oil in amounts determined by
- 16 the commission as having a major-effect on energy supplies.
- 17 "Major oil producer" means any person who produces oil in
- 18 amounts determined-by-the commission as having-a-major effect on
- 19 energy supplies.
- 20 "Major oil storer" means any person who stores oil or other
- 21 petroleum products in amounts determined by the commission as
- 22 having a major effect-on energy supplies.



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         "Major oil transporter" means any person who transports oil
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    or other petroleum products in amounts determined by the
    commission as having a major effect on energy supplies.
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 4
         "Month" or "calendar month" means each full month of the
 5
    calendar year.
         "Nonrefiner wholesale price" means the wholesale price at
 6
    which liquid fuel is sold by any distributor, not a refiner, to
    any other distributor, not a refiner, for resale at any
8
9
    subsequent-wholesale or retail transaction.]
         "Person" means any person, firm, association, organization,
10
    partnership, business trust, corporation, or company. "Person"
11
12
    also includes any city, county, public district or agency, the
    State, or any department or agency thereof, and the United
13
    States to the extent authorized by federal law.
14
15
         "Refiner" means any person who owns, operates, or controls
16
    the operations of one or more refineries in Hawaii.
         ["Refiner wholesale price" means the wholesale price at
17
    which liquid fuel is sold by a refiner to any distributor, not a
18
    refiner, for resale at any subsequent wholesale or retail
19
20
    transaction.
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         "Refinery" means any industrial plant, regardless of
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    capacity, processing crude oil feedstock and manufacturing oil
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    products.
4
         "Wholesale liquid fuel prices" means the prices at which
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    liquid fuel is sold at wholesale for resale at wholesale or
    retail, typically but not limited to gasoline and diesel for
6
    motor vehicles, and include "dealer tank wagon price",
8
    "nonrefiner wholesale price", and "refiner wholesale price".]"
         SECTION 4. Section 486J-6, Hawaii Revised Statutes, is
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10
    amended to read as follows:
                                                    Confidential
         "§486J-6 Confidential information. (a)
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12
    commercial information provided to the commission at any time
    pursuant to this chapter that is exempt from public disclosure
13
14
    under section 92F-13 shall be held in confidence by the
15
    commission or aggregated to the extent necessary in the
16
    commission's discretion to ensure confidentiality as required by
17
    chapter 92F.
              No data or information submitted to the commission at
18
    any time shall be deemed confidential if it is shown that the
19
    person submitting the information or data has made it public.
20
21
              Unless otherwise provided by law, with respect to data
    that the commission [obtains] obtained or [is] was provided
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pursuant to section 486J-3, 486J-4, 486J-4.5, or 486J-5[7] prior
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    to their repeal, neither the commission nor any employee of the
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    commission may do any of the following:
              Use the information furnished or obtained for any
4
         (1)
5
              purpose other than the purposes for which it is
6
              supplied;
7
         (2)
              Make any publication whereby the data furnished by any
8
              person can be identified; or
              Permit any person other than the commission, the
9
         (3)
              department of taxation, the attorney general, the
10
11
              consumer advocate, the department of business,
              economic development, and tourism, and the authorized
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              representatives and employees of each to examine the
13
              individual reports or statements provided."
14
         SECTION 5. Section 486J-7, Hawaii Revised Statutes, is
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    amended to read as follows:
         "§486J-7 Confidential information obtained by another
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18
    state agency. Any confidential information pertinent to the
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    responsibilities of the commission or the director specified in
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    this chapter that is obtained by another state agency, including
    the department of taxation, the attorney general, and the
21
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consumer advocate, shall be available only to the attorney

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1	general, t	he attorney general's authorized representatives, the
2	department	of business, economic development, and tourism, and
3	the commis	sion and shall be treated in a confidential manner."
4	SECTIO	ON 6. Section 486J-3, Hawaii Revised Statutes, is
5	repealed.	
6	· ["§48	5J-3 Statements. (a) Each week every distributor
7	and-major :	fuel user shall file with the commission, on forms
8	preseribed	, prepared, and furnished by the commission, a
9	certified a	statement-showing on a statewide-consolidated basis,
10	and separat	cely for each county and for the islands of Lanai and
11	Molokai wit	thin which and whereon fuel is sold or used during the
12	last-prece	ding reporting week, the following:
13	(1) 5	The total number of gallons or units of fuel, by type
14	•	or grade, refined, manufactured, or compounded by the
15		distributor within the State and, if for ultimate sale
16	•	or consumption in another county or on another island,
17	ŧ	the number of gallons or units of fuel, by type or
18	Ę	grade, sold, exchanged, or otherwise transferred or
19	ŧ	used by the distributor in each county or island;
20	(2) 5	The total number of gallons or units of fuel, by type
21	€	or grade, imported or exported by the distributor; the
22	ŧ	total volumes of fuel, by type or grade, sold,

1		exchanged, or otherwise transferred or used by the
2		distributor; and if for ultimate sale or consumption
3		in another county or on another island, the number of
4		gallons or units of fuel, by type or grade, sold,
5		exchanged, or otherwise transferred or used by the
6		distributor in each county or island;
7	(3)	The total number of gallons or units of fuel sold as
8		liquid fuel, aviation fuel, diesel fuel, and other
9		types of fuel as required by the commission;
10	(4)	The total number of gallons or units of fuel, by type
11		or grade, and their respective sales prices for all
12		fuel sold to federal, state, and county agencies,
13		ships stores, or base exchanges, commercial
14		agricultural accounts, commercial nonagricultural
15		accounts, retail dealers, and other customers as
16		required by the commission;
17	(5)	Weekly-weighted average acquisition cost per barrel
18		and volumes-of-foreign or domestic-crude oil or other
19		liquid fuels, finished or unfinished, imported to
20		Hawaii, including information identifying the-source
21		of the crude oil or other liquid fuels;

1	(6) -	The effective date and time, and the amount of change
2		in cents per gallon, of any increase or decrease in
3		wholesale price occurring during the week and the
4		weekly weighted average wholesale prices and sales
5		volumes of finished unleaded regular and premium motor
6		gasoline, and of each other grade of gasoline sold, by
7	•	island, to retail outlets, by classes of retail trade,
8		and to wholesale distributors;
9	(7)	Weekly-weighted average retail prices, and sales
10		volumes of finished unleaded-regular and premium motor
11		gasoline, and of each other grade of gasoline sold, by
12		island, by retail distributor outlets of all classes
13		of retail trade and by any distributor to other end-
14		users; provided that the commission may purchase
15		retail price data from data-service companies that the
16		commission may use to substitute some or all data to
17		meet the reporting requirement for retail price data
18		under this paragraph;
19	(8)	The effective date and time, and the amount of change
20		in-cents per gallon, of any increase or decrease in
21		wholesale price occurring during the week and the
22		weekly-weighted-average-wholesale-prices, and sales

1		volumes of No. 2 diesel fuel and No. 2 fuel oil, by
2		island, to retail distributor outlets, by classes of
3		retail trade, and to all other wholesale distributors.
4		Weighted average wholesale prices and sales volumes
5		shall be reported by type of wholesale liquid fuel
6		price;
7	(9)	Weekly weighted average retail prices, and sales
8		volumes of No. 2 diesel fuel and No. 2 fuel oil sold,
9		by island, by retail distributor outlets of all
10		classes of retail trade and by any distributor to
11		other end users. The commission may purchase retail
12		price data from data service companies that the
13		commission may use to substitute some or all data to
14		meet the reporting-requirement for retail price data
15		under this paragraph;
16	(10)	Weekly weighted average prices, and sales volumes for
17		retail sales and wholesale sales, by island, of No. 1
18		distillate, kerosene, finished aviation gasoline,
19		kerosene-type jet fuel, No. 4 fuel oil, residual fuel
20		oil, and consumer grade propane;
21	(11)	For each distributor that is a refiner, the gross
22		margins or spreads between a refiner's average

1		weighted acquisition price for each gallon of crude
2		oil and blendstock refined within the State and the
3		average weighted prices for each gallon or unit of
4		fuel sold, by county or island, to another
5		distributor, a retail dealer, end-user, and consumer;
6	(12)	For each distributor that is not a refiner, the gross
7		margins or spreads between the distributor's average
8		weighted price for each gallon or unit of-fuel
9		acquired by the distributor and the average weighted
10		prices for each gallon or unit of fuel sold, by county
11		or island, to another distributor, a retail dealer,
12		end user, or consumer; and
13	(13)	Revenues, expenses, profits and losses, and any other
14		financial or operating information as may be required
15		by the commission.
16	The commi	ssion shall prescribe applicable standards and
17	practices	for reporting to facilitate uniformity, consistency,
18	and compa	rability of the data to be submitted.
19	(b)	Each major-marketer shall submit to the commission, at
20	a-time an	d in a form as the commission shall prescribe,
21	informati	on, including petroleum and petroleum product receipts,
22	exchanges	, inventories, and distributions.

1	(c) The commission may require additional information as
2	and when the commission deems necessary to perform the
3	commission's responsibilities under this chapter.
4	(d) Information in the statements filed pursuant to this
5	section shall be collected and maintained for the purpose of
6	facilitating the analysis-required by this chapter; provided
7	that the commission shall make the information available to the
8	public, to the extent-permitted under sections 486J-6 and 486J-
9	8. ¹¹]
10	SECTION 7. Section 486J-4, Hawaii Revised Statutes, is
11	repealed.
12	["§486J-4 Informational reports. (a) Each major oil
13	producer, refiner, marketer, oil transporter, and oil storer
14	shall submit to the commission, in a form as the commission
15	shall prescribe, information that includes the following:
16	(1) Major oil transporters shall report on petroleum by
17	reporting the capacities of each major transportation
18	system, the amount transported by each system, and
19	inventories thereof. The provision of the information
20	shall not be construed to increase and decrease any
21	authority the commission may otherwise have;

1	-(2)	Major oil storers shall report on storage capacity,
2		inventories, receipts and distributions, and methods
3		of transportation of receipts and distributions;
4	-(3)	Refiners shall report on facility capacity and
5		utilization and method of transportation of refinery
6		receipts and distributions; and
7	(4)	Major oil marketers shall report on facility capacity
8		and-methods of transportation of receipts and
9		distributions.
10	(d)	The commission may require additional information as
11	and when	the commission deems necessary to perform the
12	commissio	n's responsibilities under this chapter."}
13	SECT	ION 8. Section 486J-4.5, Hawaii Revised Statutes, is
14	repealed.	
15.	["§4	86J-4.5 Informational cost reports. (a) Each
16	refiner,	on a semi-annual basis, at reporting dates as the
17	commissio	n may establish, shall-file with the commission, on
18	forms pre	scribed, prepared, and furnished by the commission, a
19	certified	statement of operating and overhead costs for the
20	refiner's	-Hawaii operations that shall include but not be
21	limited t	o the following:
22	(1)	Crude oil costs and sources;

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(2) Other feedstock costs and sources;
 1
 2
         (3) Refinery operating expenses;
         (4) Marketing operating expenses by petroleum product;
 3
         (5) Distribution expenses by petroleum product; and
· 5
         -(6) Corporate overhead expenses.
 6
         (b) In addition to the reporting required under subsection
 7
    (a), each distributor shall file with the commission all
    Securities and Exchange Commission Forms 10-K, 10-Q, annual
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    reports, quarterly reports, and earnings supplements published
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10
    by the distributor.
         (c) Each distributor, except a distributor who is so
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12
    defined solely by criteria in paragraph (4) of that definition
    in section 486J-1, who sells liquid fuel only at retail and is
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14
    not a refiner, shall file with the commission, on a semi annual
    basis at reporting dates as the commission may establish, on
15
16
    forms prescribed, prepared, and furnished by the commission, a
    certified statement of operating and overhead costs that shall
17
18
    include the following:
19
         (1) Gasoline-purchases and exchanges and sources;
20
         (2) Diesel purchases and exchanges and sources;
21
         (3) Marketing expenses; and
22
         (4) Distribution expenses."]
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1	SECTION 9. Section 486J-5, Hawaii Revised Statutes, is
2	repealed.
3	[#§486J-5 Analysis of information; summary-reports. (a)
4	The commission, with the commission's own staff and other
5	support staff with expertise and experience in, or with, the
6	petroleum industry, shall gather, analyze, and interpret the
7	information submitted to it pursuant to sections 486J 3, 486J 4,
8	and 486J-4.5-and other information relating to the supply,
9	prices, margins, and profits of petroleum-products, with
10	particular emphasis on motor vehicle fuels, including but not
11	limited to all of the following:
12	(1) The nature, cause, and extent of any petroleum or
13	petroleum product situation or condition-affecting
14	supply, price, margins, or profits;
15	(2) The prices, with particular emphasis on wholesale and
1 6	retail motor vehicle fuel prices, and any significant
17	changes in prices charged by the petroleum industry
18	for petroleum or petroleum products sold in Hawaii and
19	the reasons for the changes;
20	(3) The income, expenses, margins, and profits in Hawaii,
21	both before and after taxes, of each distributor and
22	the income, expenses, margins, and profits, both

1	before and after taxes, of major oil companies in
2	other regions of the United States and other
3	countries; and
4	(4) The emerging trends relating to supply, demand, price,
5	margins, and profits.
6	(b) The commission shall analyze the effects of state and
7	federal policies, rules, and regulations upon the supply and
8	pricing of petroleum products.
9	(c)—The commission shall publish annually and submit to
10	the governor and the legislature twenty days prior to the first
11	day of each regular legislative session a summary, including any
12	analysis and interpretation of the information submitted to it
13	pursuant to this chapter, and any other activities taken by the
14	commission, including civil penalties imposed and referrals of
15	violations to the attorney general under-section 486J 9. Any
16	person may submit comments in writing regarding the accuracy or
17	sufficiency of the information submitted."
18	SECTION 10. Section 486J-5.3, Hawaii Revised Statutes, is
19	repealed.
20	["[§486J-5.3] Use and analysis of information by the
21	department of business, economic development, and tourism. The
22	department, with its own staff and other support staff with

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    relevant expertise and experience, shall use the information
2
    obtained under this chapter to effectuate the purposes of
    chapters 125C, 196, and other relevant laws."]
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4
         SECTION 11. Section 486J-5.5, Hawaii Revised Statutes, is
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    repealed.
6
         ["[§486J-5.5] Petroleum industry monitoring, analysis, and
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    reporting program. The commission shall establish the petroleum
8
    industry monitoring, analysis, and reporting-program-that
    includes development-and-maintenance of an automated petroleum
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10
    industry information reporting system—that meets the
    requirements of government, industry, and the public while
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12
    promoting sound policy making and consumer information and
13
    protection. The purpose of the petroleum-industry monitoring,
14
    analysis, and reporting program is to conduct and facilitate the
15
    efficient analysis and reporting of all information and data
    provided by the petroleum industry pursuant to this chapter.
16
17
    The commission shall develop the petroleum industry monitoring,
18
    analysis, and reporting program in a manner-that will result in
    greater market transparency and provide useful information to
19
    the general public and those agencies that are authorized to
20
    conduct oversight of the petroleum industry and ensure
21
22
    compliance with all-relevant laws."]
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1	SECTION 12. Section 486J-5.6, Hawaii Revised Statutes, is
2	repealed.
3	["[§486J-5.6] Petroleum industry monitoring, analysis, and
4	reporting special fund. (a) There is established a petroleum
5	industry monitoring, analysis, and reporting-special fund to be
6	administered by the commission.
7	(b) The legislature-may-make-appropriations from the
8	general revenues of the State of Hawaii, not to exceed
9	\$2,000,000 in any fiscal year, for the petroleum industry
10	monitoring, analysis, and reporting-special fund.
11	(c) Moneys-in the special fund shall be used to:
12	(1) Administer the petroleum industry monitoring,
13	analysis, and reporting program pursuant to this
14	chapter; and
15	(2) Establish full time staff positions in the
16	commission to implement and maintain the petroleum
17	industry monitoring, analysis, and reporting program,
18	including the automated petroleum industry information
19	reporting system established by section 486J-5.5."]
20	SECTION 13. Section 486J-8, Hawaii Revised Statutes, is
21	repealed.

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[#§486J-8 Sharing of information obtained by the
 1
    commission. (a) Except as provided in subsections (b) and (c),
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    the commission shall make any information obtained by the
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    commission under this chapter, including confidential
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    information, available only to the attorney general, the
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    department of taxation, the consumer advocate, the department of
 7
    business, economic development, and tourism, an appropriate
8
    legislative committee, and the authorized representative of
 9
    each, who shall safeguard the confidentiality of all
10
    confidential information received.
11
         (b) The commission shall disclose to the public, using the
12
    best readily available technology, the information contained in
13
    the statements that are filed pursuant to section 486J 3, except
14
    to the extent that disclosure is prohibited under section 486J-
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    6. The commission shall publicly report this information within
16
    fourteen days pursuant to the reporting dates established by the
    commission-under-section-486J-3.
17
18
         (c) Nothing in this section shall be construed to prohibit
19
    the implementation of the petroleum industry monitoring,
20
    analysis, and reporting program under section 486J-5.5 or the
21
    public disclosure of the analysis of information and reports
22
    described in section 486J-5."
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SECTION 14. Section 486J-9, Hawaii Revised Statutes, is
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 2
    repealed.
         [ # $486J-9 Failure to timely provide information; failure
3
    to make and file statements; false statements; penalties;
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5
    referral to the attorney general. (a) The commission shall
    notify those persons who have failed to timely provide the
6
    information specified in section 486J-3, 486J-4, or 486J-4.5-or
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8
    requested by the commission under section 486J-3, 486J-4, or
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    486J 4.5. If, within five business days-after being notified of
    the failure to provide the specified or requested information,
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    the person fails to supply the specified or requested
    information, the person shall be subject to a civil penalty of
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13
    not less than $50,000 per day nor more than $100,000 per day for
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    each day the submission of information is refused or delayed.
15
         (b) Any person, or any employee of any person, who
    wilfully makes any false statement, representation, or
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17
    certification in any record, report, plan, or other document
18
    filed with the commission shall be subject to a civil penalty
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    not to exceed $500,000 and shall be deemed to have committed an
20
    unfair or deceptive act or practice in the conduct of a trade or
21
    commerce and subject to the penalties specified in chapters 480
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and-486B.

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Ţ	(c) The commission shall refer any matter under subsection
2	(a) or (b) to the attorney general, who may exercise any
3	appropriate legal or equitable remedies that may be available to
4	the State.
5	(d) For the purposes of this section, "person" means, in
6	addition to the definition contained in section 486J 1, any
7	responsible corporate officer."]
8	SECTION 15. Statutory material to be repealed is bracketed
9	and stricken. New statutory material is underscored.
10	SECTION 16. This Act shall take effect upon its approval.
11	,
	TNTRODUCED BY:

JAN 2 1 2010

Report Title:

Petroleum Industry; Information

Description:

Repeals the petroleum industry information reporting requirements, the petroleum industry monitoring, analysis, and reporting program, and the PIMAR special fund.

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