
A BILL FOR AN ACT

RELATING TO THE STATE FUEL TAX.

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

1 SECTION 1. Section 243-4, Hawaii Revised Statutes, is
2 amended by amending subsections (a) and (b) to read as follows:

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

15 (1) For each gallon of diesel oil, 2 cents;

16 (2) For each gallon of gasoline or other aviation fuel
17 sold for use in or used for airplanes, 2 cents;



- 1 (3) For each gallon of naphtha sold for use in a power-
2 generating facility, 2 cents;
- 3 (4) For each gallon of liquid fuel, other than fuel
4 mentioned in paragraphs (1), (2), and (3), and other
5 than an alternative fuel, sold or used in the city and
6 county of Honolulu, or sold in any county for ultimate
7 use in the city and county of Honolulu, the greater of
8 17 cents state tax[7] or a tax of _____ per cent of the
9 wholesale price to the retailer per gallon of liquid
10 fuel; provided that if the tax based on the percentage
11 of wholesale price is applied, the monetary amount of
12 tax paid by a wholesaler on any gallon of liquid fuel
13 sold to a retailer shall not be less than the monetary
14 amount of tax paid per gallon of liquid fuel by the
15 retailer to whom the wholesaler charges the highest
16 price per gallon of liquid fuel, and in addition
17 thereto an amount, to be known as the "city and county
18 of Honolulu fuel tax", as shall be levied pursuant to
19 section 243-5;
- 20 (5) For each gallon of liquid fuel, other than fuel
21 mentioned in paragraphs (1), (2), and (3), and other



1 than an alternative fuel, sold or used in the county
2 of Hawaii, or sold in any county for ultimate use in
3 the county of Hawaii, the greater of 17 cents state
4 tax[7] or a tax of _____ per cent of the wholesale
5 price to the retailer per gallon of liquid fuel;
6 provided that if the tax based on a percentage of
7 wholesale price is applied, the monetary amount of tax
8 paid by a wholesaler on any gallon of liquid fuel sold
9 to a retailer shall not be less than the monetary
10 amount of tax paid per gallon of liquid fuel by the
11 retailer to whom the wholesaler charges the highest
12 price per gallon of liquid fuel, and in addition
13 thereto an amount, to be known as the "county of
14 Hawaii fuel tax", as shall be levied pursuant to
15 section 243-5;

- 16 (6) For each gallon of liquid fuel, other than fuel
17 mentioned in paragraphs (1), (2), and (3), and other
18 than an alternative fuel, sold or used in the county
19 of Maui, or sold in any county for ultimate use in the
20 county of Maui, the greater of 17 cents state tax[7]
21 or a tax of _____ per cent of the wholesale price to



1 the retailer per gallon of liquid fuel; provided that
2 if the tax based on a percentage of wholesale price is
3 applied, the monetary amount of tax paid by a
4 wholesaler on any gallon of liquid fuel sold to a
5 retailer shall not be less than the monetary amount of
6 tax paid per gallon of liquid fuel by the retailer to
7 whom the wholesaler charges the highest price per
8 gallon of liquid fuel, and in addition thereto an
9 amount, to be known as the "county of Maui fuel tax",
10 as shall be levied pursuant to section 243-5; and

- 11 (7) 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 county
14 of Kauai, or sold in any county for ultimate use in
15 the county of Kauai, the greater of 17 cents state
16 tax~~[7]~~ or a tax of _____ per cent of the wholesale
17 price to the retailer per gallon of liquid fuel;
18 provided that if the tax based on a percentage of
19 wholesale price is applied, the monetary amount of tax
20 paid by a wholesaler on any gallon of liquid fuel sold
21 to a retailer shall not be less than the monetary



1 amount of tax paid per gallon of liquid fuel by the
2 retailer to whom the wholesaler charges the highest
3 price per gallon of liquid fuel, and in addition
4 thereto an amount, to be known as the "county of Kauai
5 fuel tax", as shall be levied pursuant to section
6 243-5.

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

16 (b) Every distributor of diesel oil, in addition to the
17 tax required by subsection (a), shall pay a license tax to the
18 department for each gallon of diesel oil sold or used by the
19 distributor for operating a motor vehicle or motor vehicles upon
20 public highways of the State. The rates of the additional tax
21 imposed are as follows:



- 1 (1) For each gallon of diesel oil sold or used in the city
2 and county of Honolulu, or sold in any other county
3 for ultimate use in the city and county of Honolulu,
4 the greater of 15 cents state tax[7] or a tax
5 of _____ per cent of the wholesale price to the
6 retailer per gallon of diesel oil; provided that if
7 the tax based on a percentage of wholesale price is
8 applied, the monetary amount of tax paid by a
9 wholesaler on any gallon of diesel oil sold to a
10 retailer shall not be less than the monetary amount of
11 tax paid per gallon of diesel oil by the retailer to
12 whom the wholesaler charges the highest price per
13 gallon of diesel oil, and in addition thereto an
14 amount, to be known as the "city and county of
15 Honolulu fuel tax", as shall be levied pursuant to
16 section 243-5;
- 17 (2) For each gallon of diesel oil sold or used in the
18 county of Hawaii, or sold in any other county for
19 ultimate use in the county of Hawaii, the greater of
20 15 cents state tax[7] or a tax of _____ per cent of the
21 wholesale price to the retailer per gallon of diesel



1 oil; provided that if the tax based on a percentage of
2 wholesale price is applied, the monetary amount of tax
3 paid by a wholesaler on any gallon of diesel oil sold
4 to a retailer shall not be less than the monetary
5 amount of tax paid per gallon of diesel oil by the
6 retailer to whom the wholesaler charges the highest
7 price per gallon of diesel oil, and in addition
8 thereto an amount, to be known as the "county of
9 Hawaii fuel tax", as shall be levied pursuant to
10 section 243-5;

11 (3) For each gallon of diesel oil sold or used in the
12 county of Maui, or sold in any other county for
13 ultimate use in the county of Maui, the greater of 15
14 cents state tax[-] or a tax of _____ per cent of the
15 wholesale price to the retailer per gallon of diesel
16 oil; provided that if the tax based on a percentage of
17 wholesale price is applied, the monetary amount of tax
18 paid by a wholesaler on any gallon of diesel oil sold
19 to a retailer shall not be less than the monetary
20 amount of tax paid per gallon of diesel oil by the
21 retailer to whom the wholesaler charges the highest



1 price per gallon of diesel oil, and in addition
2 thereto an amount, to be known as the "county of Maui
3 fuel tax", as shall be levied pursuant to section 243-
4 5;

- 5 (4) For each gallon of diesel oil sold or used in the
6 county of Kauai, or sold in any other county for
7 ultimate use in the county of Kauai, the greater of 15
8 cents state tax[-7] or a tax of per cent of the
9 wholesale price to the retailer per gallon of diesel
10 oil; provided that if the tax based on a percentage of
11 wholesale price is applied, the monetary amount of tax
12 paid by a wholesaler on any gallon of diesel oil sold
13 to a retailer shall not be less than the monetary
14 amount of tax paid per gallon of diesel oil by the
15 retailer to whom the wholesaler charges the highest
16 price per gallon of diesel oil, and in addition
17 thereto an amount, to be known as the "county of Kauai
18 fuel tax", as shall be levied pursuant to section
19 243-5.

20 If any user of diesel oil furnishes a certificate, in a
21 form that the department shall prescribe, to the distributor or



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

12 For the purposes of subsection (a) and this subsection, the
13 term "wholesale price" means the amount a wholesaler of liquid
14 fuel or diesel oil charges a retailer prior to the inclusion of
15 any taxes."

16 SECTION 2. Statutory material to be repealed is bracketed
17 and stricken. New statutory material is underscored.

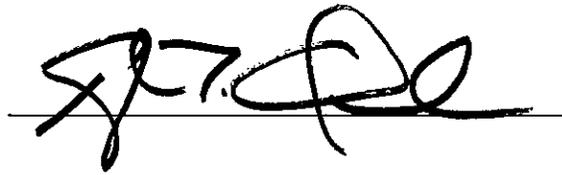
18 SECTION 3. This Act, upon its approval, shall take effect
19 on July 1, 2015; provided that the amendments made by this Act
20 to section 243-4, Hawaii Revised Statutes, shall not be repealed
21 when that section is repealed and reenacted on December 31,



H.B. NO. 1486

1 2015, pursuant to section 1 of Act 188, Session Laws of Hawaii
2 2012.
3

INTRODUCED BY:



JAN 29 2015



H.B. NO. 1486

Report Title:

State Fuel Tax

Description:

Changes the assessment of the state fuel tax from a specified cents per gallon to the greater of a specified cents per gallon or a specified percentage of the wholesale price per gallon to the retailer, subject to a minimum monetary amount of tax based upon the tax paid by certain retailers.

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

