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# A BILL FOR AN ACT

RELATING TO THE INTERISLAND TRANSMISSION SYSTEM.

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

**PART I**

SECTION 1. The legislature finds that Act 165, Session Laws of Hawaii 2012, codified as part VIII of chapter 269, Hawaii Revised Statutes, established the regulatory structure under which interisland undersea transmission cables could be developed, financed, and constructed. However, the legislature notes that the current priorities of the legislature do not include an interisland transmission system. The legislature notes that it is more appropriate to remove references to the interisland transmission system from the Hawaii Revised Statutes until a consensus on such a system can be reached.

The purpose of this Act is to repeal chapter 269, part VIII, Hawaii Revised Statutes, relating to the interisland transmission system.

**PART II**

SECTION 2. Chapter 269, part VIII, Hawaii Revised Statutes, is repealed.

**PART III**



1       SECTION 3.   Section 23-74, Hawaii Revised Statutes, is  
2 amended by amending subsection (c) to read as follows:

3       "(c)   This section shall apply to the following:

4       (1)   Section 239-2, paragraph (5) of the definition of  
5       "gross income"--Gross income of home service providers  
6       of mobile telecommunications services;

7       (2)   Section 239-2, exclusions under the definition of  
8       "gross income"--Dividends paid by one member to  
9       another member of an affiliated public service company  
10      group or gross income from the sale or transfer of  
11      materials and supplies, interest on loans, and  
12      provision of services among members of an affiliated  
13      public service company group;

14      (3)   Section 237-3(b)--Gross receipts from the sale or  
15      transfer of materials and supplies, interest on loans,  
16      and provision of services among members of an  
17      affiliated public service company group;

18      (4)   Section 239-5.5--Gross income of utilities from  
19      monthly surcharges;

20      ~~[(5)   Section 239-5.6--Gross income of electric utility~~  
21      ~~companies from cable surcharges;~~



1       ~~(6)~~ (5)   Section 239-6.5--Tax credit for lifeline

2           telephone service subsidies;

3       ~~(7)~~ (6)   Section 269-172--Green infrastructure charges

4           received by electric utilities;

5       ~~(8)~~ (7)   Section 237-29.7--Gross income or gross proceeds

6           received by insurance companies;

7       ~~(9)~~ (8)   Section 431:7-207--Tax credit to facilitate

8           regulatory oversight;

9       ~~(10)~~ (9)   Section 432:1-403--Exemption for nonprofit

10          medical indemnity or hospital service associations or

11          societies specifically from the general excise tax,

12          public service company tax, or insurance premium tax;

13          and

14       ~~(11)~~ (10)   Section 432:2-503--Exemption for fraternal

15          benefit societies specifically from the general excise

16          tax, public service company tax, or insurance premium

17          tax."

18       SECTION 4.   Section 235-7, Hawaii Revised Statutes, is  
19   amended by amending subsection (a) to read as follows:

20       "(a)   There shall be excluded from gross income, adjusted  
21   gross income, and taxable income:



- 1 (1) Income not subject to taxation by the State under the  
2 Constitution and laws of the United States;
- 3 (2) Rights, benefits, and other income exempted from  
4 taxation by section 88-91, having to do with the state  
5 retirement system, and the rights, benefits, and other  
6 income, comparable to the rights, benefits, and other  
7 income exempted by section 88-91, under any other  
8 public retirement system;
- 9 (3) Any compensation received in the form of a pension for  
10 past services;
- 11 (4) Compensation paid to a patient affected with Hansen's  
12 disease employed by the State or the United States in  
13 any hospital, settlement, or place for the treatment  
14 of Hansen's disease;
- 15 (5) Except as otherwise expressly provided, payments made  
16 by the United States or this State, under an act of  
17 Congress or a law of this State, which by express  
18 provision or administrative regulation or  
19 interpretation are exempt from both the normal and  
20 surtaxes of the United States, even though not so  
21 exempted by the Internal Revenue Code itself;



- 1           (6) Any income expressly exempted or excluded from the  
2           measure of the tax imposed by this chapter by any  
3           other law of the State, it being the intent of this  
4           chapter not to repeal or supersede any express  
5           exemption or exclusion;
- 6           (7) Income received by each member of the reserve  
7           components of the Army, Navy, Air Force, Marine Corps,  
8           or Coast Guard of the United States of America, and  
9           the Hawaii National Guard as compensation for  
10          performance of duty, equivalent to pay received for  
11          forty-eight drills (equivalent of twelve weekends) and  
12          fifteen days of annual duty, at an:
- 13          (A) E-1 pay grade after eight years of service;  
14               provided that this subparagraph shall apply to  
15               taxable years beginning after December 31, 2004;
- 16          (B) E-2 pay grade after eight years of service;  
17               provided that this subparagraph shall apply to  
18               taxable years beginning after December 31, 2005;
- 19          (C) E-3 pay grade after eight years of service;  
20               provided that this subparagraph shall apply to  
21               taxable years beginning after December 31, 2006;



(D) E-4 pay grade after eight years of service;  
provided that this subparagraph shall apply to  
taxable years beginning after December 31, 2007;  
and

(E) E-5 pay grade after eight years of service;  
provided that this subparagraph shall apply to  
taxable years beginning after December 31, 2008;

(8) Income derived from the operation of ships or aircraft  
if the income is exempt under the Internal Revenue  
Code pursuant to the provisions of an income tax  
treaty or agreement entered into by and between the  
United States and a foreign country; provided that the  
tax laws of the local governments of that country  
reciprocally exempt from the application of all of  
their net income taxes, the income derived from the  
operation of ships or aircraft that are documented or  
registered under the laws of the United States;

(9) The value of legal services provided by a legal  
service plan to a taxpayer, the taxpayer's spouse, and  
the taxpayer's dependents;



1 (10) Amounts paid, directly or indirectly, by a legal  
2 service plan to a taxpayer as payment or reimbursement  
3 for the provision of legal services to the taxpayer,  
4 the taxpayer's spouse, and the taxpayer's dependents;

5 (11) Contributions by an employer to a legal service plan  
6 for compensation (through insurance or otherwise) to  
7 the employer's employees for the costs of legal  
8 services incurred by the employer's employees, their  
9 spouses, and their dependents;

10 (12) Amounts received in the form of a monthly surcharge by  
11 a utility acting on behalf of an affected utility  
12 under section 269-16.3; provided that amounts retained  
13 by the acting utility for collection or other costs  
14 shall not be included in this exemption;

15 ~~[(13) Amounts received in the form of a cable surcharge by~~  
16 ~~an electric utility company acting on behalf of a~~  
17 ~~certified cable company under section 269-134;~~  
18 ~~provided that any amounts retained by that electric~~  
19 ~~utility company for collection or other costs shall~~  
20 ~~not be included in this exemption;]~~ and



1       ~~[(14)]~~ (13) One hundred per cent of the gain realized by a  
2               fee simple owner from the sale of a leased fee  
3               interest in units within a condominium project,  
4               cooperative project, or planned unit development to  
5               the association of owners under chapter 514A or 514B,  
6               or the residential cooperative corporation of the  
7               leasehold units.

8               For purposes of this paragraph:

9                       "Fee simple owner" shall have the same meaning as  
10              provided under section 516-1; provided that it shall  
11              include legal and equitable owners;

12                     "Legal and equitable owner", and "leased fee  
13              interest" shall have the same meanings as provided  
14              under section 516-1; and

15                     "Condominium project" and "cooperative project"  
16              shall have the same meanings as provided under section  
17              514C-1."

18       SECTION 5. Section 269-30, Hawaii Revised Statutes, is  
19       amended to read as follows:

20               "**§269-30 Finances; public utility fee.** (a) Sections  
21       607-5 to 607-9 shall apply to the public utilities commission





1 and each commissioner, as well as to the supreme and circuit  
2 courts, and all costs and fees paid or collected pursuant to  
3 this section shall be deposited with the director of finance to  
4 the credit of the public utilities commission special fund  
5 established under section 269-33.

6 (b) There also shall be paid to the public utilities  
7 commission in each of the months of July and December of each  
8 year, by each public utility subject to investigation by the  
9 public utilities commission, a fee equal to one-fourth of one  
10 per cent of the gross income from the public utility's business  
11 during the preceding year, or the sum of \$30, whichever is  
12 greater. This fee shall be deposited with the director of  
13 finance to the credit of the public utilities commission special  
14 fund.

15 (c) Each public utility paying a fee under subsection (b)  
16 may impose a surcharge to recover the amount paid above one-  
17 eighth of one per cent of gross income. The surcharge imposed  
18 shall not be subject to the notice, hearing, and approval  
19 requirements of this chapter; provided that the surcharge may be  
20 imposed by the utility only after thirty days' notice to the  
21 public utilities commission. Unless ordered by the public



1 utilities commission, the surcharge shall be imposed only until  
2 the conclusion of the public utility's next rate case; provided  
3 that the surcharge shall be subject to refund with interest at  
4 the public utility's authorized rate of return on rate base if  
5 the utility collects more money from the surcharge than actually  
6 paid due to the increase in the fee to one-fourth of one per  
7 cent.

8 (d) Notwithstanding any provision of this chapter to the  
9 contrary, the public utilities commission may, upon the filing  
10 of a petition by a public utility, credit a public utility for  
11 amounts paid under subsection (b) toward amounts the public  
12 utility owes in one call center fees under section 269E-6(f).

13 ~~[(e) Amounts received in the form of a cable surcharge by~~  
14 ~~an electric utility company acting on behalf of a certified~~  
15 ~~cable company under section 269-134 shall not be deemed gross~~  
16 ~~income for that electric utility company for purposes of this~~  
17 ~~section; provided that any amounts retained by that electric~~  
18 ~~utility company for collection or other costs shall not be~~  
19 ~~included in this exemption.] "~~

20 SECTION 6. Section 239-5.6, Hawaii Revised Statutes, is  
21 repealed.



1       ~~["§239-5.6] Cable surcharge amounts exempt. Amounts~~  
2       ~~received in the form of a cable surcharge by an electric utility~~  
3       ~~company acting on behalf of a certified cable company under~~  
4       ~~section 269-134 shall not be deemed gross income of that~~  
5       ~~electric utility company for purposes of this chapter; provided~~  
6       ~~that any amounts retained by that electric utility company for~~  
7       ~~collection or other costs shall not be included in this~~  
8       ~~exemption."]~~

9       SECTION 7. Section 240-1.6, Hawaii Revised Statutes, is  
10      repealed.

11      ~~["§240-1.6] Cable surcharge amounts exempt. Amounts~~  
12      ~~received in the form of a cable surcharge by an electric utility~~  
13      ~~company acting on behalf of an affected certified cable company~~  
14      ~~under section 269-134 shall not be deemed gross receipts for~~  
15      ~~that electric utility company for purposes of this chapter;~~  
16      ~~provided that any amounts retained by that electric utility~~  
17      ~~company for collection or other costs shall not be included in~~  
18      ~~this exemption."]~~

19      SECTION 8. Section 269-133, Hawaii Revised Statutes, is  
20      repealed.



1       ~~["§269-133] Transmission tariff. The commission shall,~~  
2   ~~by order, approve, disapprove, or approve subject to certain~~  
3   ~~conditions, the tariff of the certified cable company pursuant~~  
4   ~~to which the certified cable company shall make the capacity of~~  
5   ~~its high voltage electric transmission cable system available to~~  
6   ~~the electric utility company or companies. The tariff shall be~~  
7   ~~consistent with the tariff provisions provided in the request~~  
8   ~~for proposals, unless otherwise ordered by the commission. The~~  
9   ~~tariff shall specify the terms and conditions under which the~~  
10   ~~certified cable company will be entitled to receive revenues~~  
11   ~~collected through the cable surcharge, established pursuant to~~  
12   ~~section 269-134. The certified cable company may submit its~~  
13   ~~proposed tariff for approval prior to the expected commercial~~  
14   ~~operations date, and the commission shall take final action on~~  
15   ~~the proposed tariff within one hundred twenty days after~~  
16   ~~submittal of the proposed tariff with supporting documentation~~  
17   ~~as may be required by the commission; provided that the~~  
18   ~~commission may extend the timeline as necessary."]~~

19       SECTION 9. Act 165, Session Laws of Hawaii 2012, is  
20   amended by amending section 9 to read as follows:



1 "SECTION 9. This Act shall take effect on July 1, 2012;  
2 provided that the [~~amendments~~] amendment made to section [~~235-~~  
3 ~~7,~~] 235-7(a)(12), Hawaii Revised Statutes, in section 5 of this  
4 Act shall not be repealed when that section is reenacted on  
5 January 1, [~~2013,~~] 2018, pursuant to Act 166, Session Laws of  
6 Hawaii 2007[~~-~~], as amended by section 5 of Act 220, Session Laws  
7 of Hawaii 2012."

8 PART IV

9 SECTION 10. Statutory material to be repealed is bracketed  
10 and stricken. New statutory material is underscored.

11 SECTION 11. This Act shall take effect upon its approval.  
12



**Report Title:**

Interisland Transmission System; Repeal

**Description:**

Repeals chapter 269, part VIII, Hawaii Revised Statutes, relating to the interisland transmission system. (CD1)

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

