
A BILL FOR AN ACT

RELATING TO ENVIRONMENTAL RESPONSE, ENERGY, AND FOOD SECURITY
TAX.

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

1 SECTION 1. Section 243-3.5, Hawaii Revised Statutes, is
2 amended by amending subsection (a) to read as follows:

3 "(a) In addition to any other taxes provided by law,
4 subject to the exemptions set forth in section 243-7, there is
5 hereby imposed a state environmental response, energy, and food
6 security tax on each barrel or fractional part of a barrel of
7 petroleum product sold by a distributor to any retail dealer or
8 end user of petroleum product, other than a refiner. The tax
9 shall be \$1.05 on each barrel or fractional part of a barrel of
10 petroleum product that is not aviation fuel; provided that of
11 the tax collected pursuant to this subsection:

12 (1) 5 cents of the tax on each barrel shall be deposited
13 into the environmental response revolving fund
14 established under section 128D-2;

15 (2) 15 cents of the tax on each barrel shall be deposited
16 into the energy security special fund established
17 under section 201-12.8;

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- 1 (3) 10 cents of the tax on each barrel shall be deposited
2 into the energy systems development special fund
3 established under section 304A-2169.1; [and]
4 (4) 15 cents of the tax on each barrel shall be deposited
5 into the agricultural development and food security
6 special fund established under section 141-10~~[]~~; and
7 (5) 60 cents of the tax on each barrel shall be deposited
8 into the state highway fund established under section
9 248-8.

10 The tax imposed by this subsection shall be paid by the
11 distributor of the petroleum product."

12 SECTION 2. Statutory material to be repealed is bracketed
13 and stricken. New statutory material is underscored.

14 SECTION 3. This Act shall take effect upon its approval.

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INTRODUCED BY



BY REQUEST

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JAN 23 2017

H.B. NO. 1149

Report Title:

Environmental Response; Energy; Food Security; State Highway Fund

Description:

Deposits funds from Environmental Response, Energy, and Food Security Tax Fund into the State Highway Fund.

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

JUSTIFICATION SHEET

DEPARTMENT: Transportation

TITLE: A BILL FOR AN ACT RELATING TO ENVIRONMENTAL RESPONSE, ENERGY, AND FOOD SECURITY TAX.

PURPOSE: Allow the State Department of Transportation Highways Division to deposit funds from the Environmental Response, Energy, and Food Security Tax.

MEANS: Amend section 243-3.5(a), Hawaii Revised Statutes.

JUSTIFICATION: To meet the economic needs of the State and preserve the unique quality of life of its residents and visitors to these precious islands, the Department of Transportation must provide a safe, efficient, and effective land transportation system for the movement of people and goods. The state land transportation system, however, has not kept pace with our growing economy, land use development patterns, and evolving life styles with its ever increasing demand for travel. Programmatic and project needs far exceed the necessary resources available and needed to properly address them. The land transportation system is and will continue to deteriorate as demand for travel continues to increase; costs to manage, construct, and administer the system increase; and opportunities to expand the system come at too high a consequence.

The current flow of revenues for both the Federal Highway Trust Fund and the State Highway Fund from their respective fuel taxes are continuously decreasing as automobiles become more fuel efficient and the demand for fuel progressively decreases. As the average fuel economy of motor vehicles improves in accordance with the Corporate Average Fuel Economy standards and the increase in

electric, plug-in hybrid electric vehicles and alternative fuel vehicles, it is clear that the current gas fuel tax is not sustainable for future highway funding. The fate of the state's ability to provide safe and efficient roadways to the public relies upon its ability to acquire the needed funding for all highway programs and projects. With the funding needs of the State Highway Program severely outweighing the revenues being generated through the state fuel tax, more innovative revenue generating programs need to be studied to support the State Highway Fund revenues.

The increase in revenues will provide safer infrastructure enhancements for all users including pedestrians, bicyclists, transit users and motorists and would positively impact the department's ability to qualify state matching funds for the highways federal-aid program.

Impact on the public: The increase in revenues will enable the Department of Transportation to provide a safe, efficient, and effective state highway system.

Impact on the department and other agencies: The increase in revenues for the State Highway Fund will improve the Department's ability to construct, operate and maintain the State Highway System. This would enable the Department to increase the highways capital improvement project and special maintenance programs. The failure of the State to properly maintain the State Highway System may result in sanctions being imposed by the Federal Highway Administration including the loss of federal funds.

The increase in revenues will also improve the Department of Transportation's ability to provide state matching funds for the highways federal-aid program. The availability of state matching funds will allow the State to attract its share for federal funds. The

normal federal share for projects on the interstate system is 90 percent and for other eligible roadways it is 80 percent.

Allows the State Department of Transportation Highways Division to deposit \$0.60 collected from the Environmental Response, Energy, and Food Security Tax collected on each barrel of petroleum product into the State Highway Fund.

GENERAL FUND: Funds previously deposited into the general fund will be now deposited into the State Highway Fund.

OTHER FUNDS: None.

PBS PROGRAM
DESIGNATION: TRN 595.

OTHER AFFECTED
AGENCIES: Department of Budget and Finance and
Department of Taxation.

EFFECTIVE DATE: Upon approval.