
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 shall, in addition to any other
4 taxes provided by law, 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, 1 cent;
16 (2) For each gallon of gasoline or other aviation fuel
17 sold for use in or used for airplanes, 1 cent;



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- 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 16 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 16 cents state
4 tax[7] or a tax of per cent of the wholesale price
5 to the retailer per gallon of liquid fuel; provided
6 that if the tax based on a percentage of wholesale
7 price is applied, the monetary amount of tax paid by a
8 wholesaler on any gallon of liquid fuel sold to a
9 retailer shall not be less than the monetary amount of
10 tax paid per gallon of liquid fuel by the retailer to
11 whom the wholesaler charges the highest price per
12 gallon of liquid fuel, and in addition thereto an
13 amount, to be known as the "county of Hawaii fuel
14 tax", as shall be levied pursuant to section 243-5;

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



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



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

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

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

20 (1) For each gallon of diesel oil sold or used in the city
21 and county of Honolulu, or sold in any other county



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

- 14 (2) For each gallon of diesel oil sold or used in the
15 county of Hawaii, or sold in any other county for
16 ultimate use in the county of Hawaii, the greater of
17 15 cents state tax[7] or a tax of per cent of the
18 wholesale price to the retailer per gallon of diesel
19 oil; provided that if the tax based on a percentage of
20 wholesale price is applied, the monetary amount of tax
21 paid by a wholesaler on any gallon of diesel oil sold



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1 to a retailer shall not be less than the monetary
2 amount of tax paid per gallon of diesel oil by the
3 retailer to whom the wholesaler charges the highest
4 price per gallon of diesel oil, and in addition
5 thereto an amount, to be known as the "county of
6 Hawaii fuel tax", as shall be levied pursuant to
7 section 243-5;

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



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1 fuel tax", as shall be levied pursuant to section 243-
2 5; and

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

18 If any user of diesel oil furnishes a certificate, in a
19 form that the department shall prescribe, to the distributor or
20 if the distributor who uses diesel oil signs the certificate,
21 certifying that the diesel oil is for use in operating a motor



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

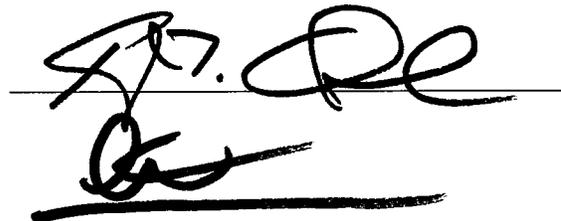
10 For the purposes of subsection (a) and this subsection, the
 11 term "wholesale price" means the amount a wholesaler of liquid
 12 fuel or diesel oil charges a retailer prior to the inclusion of
 13 any taxes."

14 SECTION 2. Statutory material to be repealed is bracketed
 15 and stricken. New statutory material is underscored.

16 SECTION 3. This Act shall take effect on July 1, 2017.

17

INTRODUCED BY:



JAN 24 2017



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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.

