
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 to read as follows:

3 "**§243-4 License taxes.** (a) Every distributor shall, in
4 addition to any other taxes provided by law, pay a license tax
5 to the department of taxation for each gallon of liquid fuel
6 refined, manufactured, produced, or compounded by the
7 distributor and sold or used by the distributor in the State or
8 imported by the distributor, or acquired by the distributor from
9 persons who are not licensed distributors, and sold or used by
10 the distributor in the State. Any person who sells or uses any
11 liquid fuel, knowing that the distributor from whom it was
12 originally purchased has not paid and is not paying the tax
13 thereon, shall pay [~~such~~] the tax as would have applied to
14 [~~such~~] the sale or use by the distributor. The rates of tax
15 imposed are as follows:

16 (1) For each gallon of diesel oil, 1 cent;



- 1 (2) For each gallon of gasoline or other aviation fuel
2 sold for use in or used for airplanes, 1 cent;
- 3 (3) For each gallon of naphtha sold for use in a power-
4 generating facility, 2 cents;
- 5 (4) For each gallon of liquid fuel, other than fuel
6 mentioned in paragraphs (1), (2), and (3), and other
7 than an alternative fuel, sold or used in the city and
8 county of Honolulu, or sold in any county for ultimate
9 use in the city and county of Honolulu[7]:

10 (A) The greater of:

11 (i) 16 cents state tax[7]; or

12 (ii) A tax of _____ per cent of the wholesale price
13 to the retailer per gallon of liquid fuel;
14 provided that if the tax based on the
15 percentage of wholesale price is applied,
16 the monetary amount of tax paid by a
17 wholesaler on any gallon of liquid fuel sold
18 to a retailer shall not be less than the
19 monetary amount of tax paid per gallon of
20 liquid fuel by the retailer to whom the



1 wholesaler charges the highest price per
2 gallon of liquid fuel; and [in]

3 (B) In addition [thereto] to the amount specified in
4 subparagraph (A), an amount, to be known as the
5 "city and county of Honolulu fuel tax", as shall
6 be levied pursuant to section 243-5;

7 (5) For each gallon of liquid fuel, other than fuel
8 mentioned in paragraphs (1), (2), and (3), and other
9 than an alternative fuel, sold or used in the county
10 of Hawaii, or sold in any county for ultimate use in
11 the county of Hawaii[7]:

12 (A) The greater of:

13 (i) 16 cents state tax[7]; or

14 (ii) A tax of per cent of the wholesale price
15 to the retailer per gallon of liquid fuel;
16 provided that if the tax based on a
17 percentage of wholesale price is applied,
18 the monetary amount of tax paid by a
19 wholesaler on any gallon of liquid fuel sold
20 to a retailer shall not be less than the
21 monetary amount of tax paid per gallon of



1 liquid fuel by the retailer to whom the
2 wholesaler charges the highest price per
3 gallon of liquid fuel; and [~~in~~]

4 (B) In addition [~~thereto~~] to the amount specified in
5 subparagraph (A), an amount, to be known as the
6 "county of Hawaii fuel tax", as shall be levied
7 pursuant to section 243-5;

8 (6) For each gallon of liquid fuel, other than fuel
9 mentioned in paragraphs (1), (2), and (3), and other
10 than an alternative fuel, sold or used in the county
11 of Maui, or sold in any county for ultimate use in the
12 county of Maui[~~τ~~]:

13 (A) The greater of:

14 (i) 16 cents state tax[~~τ~~]; or

15 (ii) A tax of per cent of the wholesale price

16 to the retailer per gallon of liquid fuel;

17 provided that if the tax based on a

18 percentage of wholesale price is applied,

19 the monetary amount of tax paid by a

20 wholesaler on any gallon of liquid fuel sold

21 to a retailer shall not be less than the



1 monetary amount of tax paid per gallon of
 2 liquid fuel by the retailer to whom the
 3 wholesaler charges the highest price per
 4 gallon of liquid fuel; and [in]

5 (B) In addition [thereto] to the amount specified in
 6 subparagraph (A), an amount, to be known as the
 7 "county of Maui fuel tax", as shall be levied
 8 pursuant to section 243-5; and

9 (7) For each gallon of liquid fuel, other than fuel
 10 mentioned in paragraphs (1), (2), and (3), and other
 11 than an alternative fuel, sold or used in the county
 12 of Kauai, or sold in any county for ultimate use in
 13 the county of Kauai[]:

14 (A) The greater of:

15 (i) 16 cents state tax[]; or

16 (ii) A tax of per cent of the wholesale price
 17 to the retailer per gallon of liquid fuel;
 18 provided that if the tax is based on a
 19 percentage of wholesale price is applied,
 20 the monetary amount of tax paid by a
 21 wholesaler on any gallon of liquid fuel sold



1 to a retailer shall not be less than the
2 monetary amount of tax paid per gallon of
3 liquid fuel by the retailer to whom the
4 wholesaler charges the highest price per
5 gallon of liquid fuel; and [~~is~~]

6 (B) In addition [~~thereto~~] to the amount specified in
7 subparagraph (A), an amount, to be known as the
8 "county of Kauai fuel tax", as shall be levied
9 pursuant to section 243-5.

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

19 (b) Every distributor of diesel oil, in addition to the
20 tax required by subsection (a), shall pay a license tax to the
21 department for each gallon of diesel oil sold or used by the



1 distributor for operating a motor vehicle or motor vehicles upon
2 public highways of the State. The rates of the additional tax
3 imposed are as follows:

4 (1) For each gallon of diesel oil sold or used in the city
5 and county of Honolulu, or sold in any other county
6 for ultimate use in the city and county of
7 Honolulu[7]:

8 (A) The greater of:

9 (i) 15 cents state tax[7]; or

10 (ii) A tax of per cent of the wholesale price
11 to the retailer per gallon of diesel oil;
12 provided that if the tax based on a
13 percentage of wholesale price is applied,
14 the monetary amount of tax paid by a
15 wholesaler on any gallon of diesel oil sold
16 to a retailer shall not be less than the
17 monetary amount of tax paid per gallon of
18 diesel oil by the retailer to whom the
19 wholesaler charges the highest price per
20 gallon of diesel oil; and [in]



1 (B) In addition [~~thereto~~] to the amount specified in
 2 subparagraph (A), an amount, to be known as the
 3 "city and county of Honolulu fuel tax", as shall
 4 be levied pursuant to section 243-5;

5 (2) For each gallon of diesel oil sold or used in the
 6 county of Hawaii, or sold in any other county for
 7 ultimate use in the county of Hawaii~~[-]~~:

8 (A) The greater of:

9 (i) 15 cents state tax~~[-]~~; or

10 (ii) A tax of _____ per cent of the wholesale price
 11 to the retailer per gallon of diesel oil;
 12 provided that if the tax based on a
 13 percentage of wholesale price is applied,
 14 the monetary amount of tax paid by a
 15 wholesaler on any gallon of diesel oil sold
 16 to a retailer shall not be less than the
 17 monetary amount of tax paid per gallon of
 18 diesel oil by the retailer to whom the
 19 wholesaler charges the highest price per
 20 gallon of diesel oil; and [~~is~~]



1 (B) In addition [~~thereto~~] to the amount specified in
2 subparagraph (A), an amount, to be known as the
3 "county of Hawaii fuel tax", as shall be levied
4 pursuant to section 243-5;

5 (3) For each gallon of diesel oil sold or used in the
6 county of Maui, or sold in any other county for
7 ultimate use in the county of Maui [7]

8 (A) The greater of:

9 (i) 15 cents state tax [7]; or

10 (ii) A tax of per cent of the wholesale price
11 to the retailer per gallon of diesel oil;
12 provided that if the tax based on a
13 percentage of wholesale price is applied,
14 the monetary amount of tax paid by a
15 wholesaler on any gallon of diesel oil sold
16 to a retailer shall not be less than the
17 monetary amount of tax paid per gallon of
18 diesel oil by the retailer to whom the
19 wholesaler charges the highest price per
20 gallon of diesel oil; and [~~is~~]



1 (B) In addition [~~thereto~~] to the amount specified in
 2 subparagraph (A), an amount, to be known as the
 3 "county of Maui fuel tax", as shall be levied
 4 pursuant to section 243-5; and

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[~~7~~]:

8 (A) The greater of:

9 (i) 15 cents state tax[~~7~~]; or

10 (ii) A tax of per cent of the wholesale price
 11 to the retailer per gallon of diesel oil;
 12 provided that if the tax based on a
 13 percentage of wholesale price is applied,
 14 the monetary amount of tax paid by a
 15 wholesaler on any gallon of diesel oil sold
 16 to a retailer shall not be less than the
 17 monetary amount of tax paid per gallon of
 18 diesel oil by the retailer to whom the
 19 wholesaler charges the highest price per
 20 gallon of diesel oil; and [~~is~~]



1 (B) In addition [~~thereto~~] to the amount specified in
2 subparagraph (A), an amount, to be known as the
3 "county of Kauai fuel tax", as shall be levied
4 pursuant to section 243-5.

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

18 (c) The tax shall not be collected in respect to any
19 benzol, benzene, toluol, xylol, or alternative fuel sold for use
20 other than for operating internal combustion engines. With
21 respect to these products, other than alternative fuels, the



1 department, by rule, shall provide for the reporting and payment
2 of the tax and for the keeping of records in [~~such~~] a manner as
3 to collect, for each gallon of each product sold for use in
4 internal combustion engines for the generation of power, or so
5 used, the same tax or taxes as apply to each gallon of diesel
6 oil. With respect to alternative fuels, the only tax collected
7 shall be that provided in paragraphs (1), (2), and (3) of this
8 subsection. This subsection shall not apply to aviation fuel
9 sold for use in or used for airplanes.

10 (1) Every distributor of any alternative fuel for
11 operation of an internal combustion engine shall pay a
12 license tax to the department of one-quarter of 1 cent
13 for each gallon of alternative fuel sold or used by
14 the distributor;

15 (2) Every distributor, in addition to the tax required
16 under paragraph (1) of this subsection, shall pay a
17 license tax to the department for each gallon of
18 alternative fuel sold or used by the distributor for
19 operating a motor vehicle or motor vehicles upon the
20 public highways of the State at a rate proportional to
21 that of the rates applicable to diesel oil in



1 subsection (b), rounded to the nearest one-tenth of a
2 cent, as follows:

- 3 (A) Ethanol, 0.145 times the rate for diesel;
4 (B) Methanol, 0.11 times the rate for diesel;
5 (C) Biodiesel, 0.25 times the rate for diesel;
6 (D) Liquefied petroleum gas, 0.33 times the rate for
7 diesel; and
8 (E) For other alternative fuels, the rate shall be
9 based on the energy content of the fuels as
10 compared to diesel fuel, using a lower heating
11 value of one hundred thirty thousand British
12 thermal units per gallon as a standard for
13 diesel, so that the tax rate, on an energy
14 content basis, is equal to one-quarter the rate
15 for diesel fuel.

16 The taxes so paid shall be paid into the state
17 treasury and deposited in special funds or paid over
18 in the same manner as provided in subsection (b) in
19 respect of the tax on diesel oil;

- 20 (3) If any user of alternative fuel furnishes to the
21 distributor a certificate, in a form that the



1 department shall prescribe or if the distributor who
2 uses alternative fuel signs the certificate,
3 certifying that the alternative fuel is for use in
4 operating a motor vehicle or motor vehicles in areas
5 other than upon the public highways of the State, the
6 tax as provided by paragraphs (1) and (2) of this
7 subsection shall not be applicable; provided that no
8 certificate shall be required if the alternative fuel
9 is used for fuel and heating purposes in the home. If
10 a certificate is not or cannot be furnished and the
11 alternative fuel is in fact used for operating an
12 internal combustion engine or operating a motor
13 vehicle or motor vehicles in areas other than upon the
14 public highways of the State, the user thereof may
15 obtain a refund of all taxes thereon imposed by the
16 foregoing paragraphs. The department shall adopt
17 rules to administer the refunding of these taxes.

18 (d) No tax shall be collected in respect to any liquid
19 fuel, including diesel oil and liquefied petroleum gas, shown to
20 the satisfaction of the department to have been sold for use in
21 and actually delivered to, or sold in, the county of Kalawao.



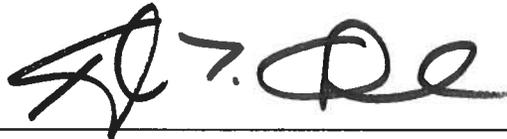
H.B. NO. 1313

1 (e) For the purposes of this section, the term "wholesale
2 price" means the amount a wholesaler of liquid fuel or diesel
3 oil charges a retailer prior to the inclusion of any taxes."

4 SECTION 2. Statutory material to be repealed is bracketed
5 and stricken. New statutory material is underscored.

6 SECTION 3. This Act shall take effect on July 1, 2023.

7

INTRODUCED BY: 
JAN 27 2021



H.B. NO. 1313

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. Effective 7/1/2023.

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