

ACT 130

H.B. NO. 791

A Bill for an Act Relating to Gasoline.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. The legislature finds that diversification of fuel supplies and a transition towards renewable energy sources is in the long-term interest nationally and for the people of Hawaii. Gasoline containing ten per cent ethanol has been an approved fuel for use in automotive spark ignition engines since 1978. Currently, about fifty per cent of the gasoline in the United States contains ethanol. In some areas of the United States, all of the available motor gasoline contains ethanol. Some of the affected states do not impose labeling requirements for fuels containing ten per cent ethanol.

Hawaii's existing ethanol content statute and implementation rules provide for significant flexibility in allowing the private sector to supply approximately

seventy million gallons of non-ethanol gasoline per year for old, incompatible, or non-standard equipment that is not listed or tested by Underwriters Laboratory. Nevertheless, there are areas of the State in which the private sector has not taken initiative to address the needs of niche markets, including certain boats, small gasoline-driven tools, and experimental and light-sport aircraft that are in need of non-ethanol gasoline.

In 1987, the Coast Guard issued a directive to recreational boat builders to install fuel hoses compatible with gasoline containing aromatics and alcohols. However, some boats have fiberglass fuel tanks that are not ethanol compatible and will cause fiberglass softening or tank leaks. There have been reports of boats with older fiberglass tanks sustaining engine damage due to fiberglass resin compounds being carried by the fuel into the engine and deposited onto intake valves. Although in other states, boat owners with these problems have replaced their tanks, boat owners in Hawaii are seeking another solution.

The Underwriters Laboratory listing and testing for fuel system parts has included compatibility with gasoline containing ten per cent ethanol since the 1980s. However, at the time certain types of power equipment were manufactured, the owner's manuals for the equipment did not explicitly describe or allow the use of ethanol-blended gasoline.

Further, the Federal Aviation Administration has strict regulations in place that require only aviation grade fuels to be used in certificated aircraft. There are supplemental type certificates in use that allow some "properly altered" aircraft to use automotive grade fuels. Federal Aviation Administration Special Airworthiness Information Bulletin CE 07-06, dated October 27, 2006, states that gasoline containing ethanol is not acceptable unless specifically approved by the type certificate or supplemental type certificates. This also affects light sport aircraft that use Rotax engines. Rotax has issued a notice not to use gasoline containing lead or ethanol in their engines. Although the quantity of motor gasoline used in aviation is small, because motor gasoline refueling of aircraft has not generally been available at airfields in the State, the owners of affected aircraft on Oahu and the Big Island do not yet have convenient access to non-ethanol fuel. Additionally, owners of affected aircraft on Maui and Kauai are unable to fly for the foreseeable future unless non-ethanol gasoline becomes available on these islands.

Finally, the legislature finds that non-automobile demand for gasoline that does not contain ethanol may be less than one tenth of a per cent of the total amount of gasoline sold throughout the State. Typically, the Hawaii Before Oxygenate Blend gasoline manufactured conforms to all ASTM base-gasoline standards for automobile use only. Nonetheless, small non-automobile use consumer groups seek gasoline that does not contain ethanol, and an attempt should be made to allow the free market to fill the need for these niche markets prior to the imposition of mandates upon the market. This objective needs to be achieved without appreciably reducing the energy diversification goals of the State.

The purpose of this Act is to require fuel distributors to report to the department of business, economic development, and tourism on the distribution and availability of gasoline that does not contain ethanol in order to provide information to the legislature to be used in determining future policy for these niche gasoline markets.

SECTION 2. On or before December 1, 2007, all distributors shall report to the department of business, economic development and tourism, in a format prescribed by the department, on their distribution and availability of gasoline that does not contain ethanol. The department of business, economic development, and tourism shall report its findings to the legislature no later than twenty days prior to the

convening of the regular session of 2008. For the purposes of this section, “distributor” shall have the same meaning as in 486J-1, Hawaii Revised Statutes.

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

(Approved June 5, 2007.)