

ACT 57

S.B. NO. 2816

A Bill for an Act Relating to Intra-County Ferry Service.

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

SECTION 1. The legislature finds that the residents of West Maui are served by only one highway and one small airport. Residents on the island of Lanai have only one feasible means of water transport to Maui—by intra-county ferry from Lanai to Lahaina. However, the Lahaina small boat harbor is already overused and is shared by commercial fishing activities and cruise ships that add to already congested surface traffic.

The legislature finds that an alternate ferry route from Lanai to Maalaea harbor will:

- (1) Provide more convenient travel for the residents of Lanai and West Maui;
- (2) Ease the congestion in and around Lahaina and its boat harbor; and
- (3) Make emergency ferry operations out of Lahaina a feasible reality as a component of an emergency transportation system should the only highway in West Maui be closed.

However, any ferry route to and from Maalaea harbor and Lahaina requires priority assigning of mooring space. In addition, the added fuel costs of this route would require an exemption from the fuel tax for fuel purchases for the ferry service.

The purpose of this Act is to provide priority assignment of mooring space for a new ferry route from Maalaea harbor to Lahaina and to provide an exemption from the fuel tax for fuel purchases for the ferry service.

SECTION 2. Any other law to the contrary notwithstanding, the department of land and natural resources shall assign priority mooring space to any intra-county ferry service regulated by the public utilities commission that serves a county:

- (1) With a population of less than five hundred thousand residents; and
- (2) That includes at least three islands inhabited by permanent residents.

ACT 57

SECTION 3. Section 243-7, Hawaii Revised Statutes, is amended to read as follows:

“§243-7 Tax not applicable, when. (a) This chapter requiring the payment of license fees shall not be held or construed to apply to fuel imported into the ~~[State]~~ state in interstate or foreign commerce while and so long as such fuel is beyond the taxing power of the State, nor to any such fuel exported or sold to the government of the United States or any department thereof for official use of the government, nor to any fuel exported or sold to another licensed distributor; but every distributor shall be required to report such imports, exports, and sales as provided by this chapter and in such detail as the department of taxation shall require.

(b) This chapter shall not apply to the sale of liquid fuel sold or used in the state for ultimate use by an intra-county ferry service that serves a county with a population of less than five hundred thousand residents and that includes at least three islands inhabited by permanent residents.”

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

SECTION 5. This Act shall take effect upon approval and shall apply to taxable years beginning after December 31, 2007.

(Became law on May 1, 2008, without the Governor’s signature, pursuant to Art. III, §16, State Constitution.)