June 20, 2016

The Honorable Ronald D. Kouchi, President
and Members of the Senate
Twenty-Eighth State Legislature
State Capitol, Room 409
Honolulu, Hawai‘i 96813

The Honorable Joseph M. Souki, Speaker and Members of the House of Representatives
Twenty-Eighth State Legislature
State Capitol, Room 431
Honolulu, Hawai‘i 96813

Dear President Kouchi, Speaker Souki, and Members of the Legislature:

This is to inform you that on June 20, 2016, the following bill was signed into law:

SB2131 SD2 HD2 CD1 RELATING TO ENERGY ACT 076 (16)

Sincerely,

DAVID Y. IGE
Governor, State of Hawai‘i
A BILL FOR AN ACT

RELATING TO ENERGY.

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

PART I

SECTION 1. Section 243-1, Hawaii Revised Statutes, is amended by adding a new definition to be appropriately inserted and to read as follows:

"Power-generating facility" means any electricity-generating facility that requires a permit issued under the federal Clean Air Act (42 U.S.C. 7401 through 7671q), the Hawaii air pollution control law (chapter 342B), or both."

SECTION 2. Section 243-4, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

"(a) Every distributor shall, in addition to any other taxes provided by law, pay a license tax to the department of taxation for each gallon of liquid fuel refined, manufactured, produced, or compounded by the distributor and sold or used by the distributor in the State or imported by the distributor, or acquired by the distributor from persons who are not licensed distributors, and sold or used by the distributor in the State. Any person who sells or uses any liquid fuel, knowing that the
distributor from whom it was originally purchased has not paid and is not paying the tax thereon shall pay such tax as would have applied to such sale or use by the distributor. The rates of tax [hereby] imposed are as follows:

(1) For each gallon of diesel oil, 1 cent;
(2) For each gallon of gasoline or other aviation fuel sold for use in or used for airplanes, 1 cent;
(3) For each gallon of naphtha sold for use in a power-generating facility, 2 cents;

(4) For each gallon of liquid fuel, other than fuel mentioned in paragraphs (1), (2), and (3), and other than an alternative fuel, sold or used in the city and county of Honolulu, or sold in any county for ultimate use in the city and county of Honolulu, 16 cents state tax, and in addition thereto such an amount, to be known as the "city and county of Honolulu fuel tax", as shall be levied pursuant to section 243-5;

(5) For each gallon of liquid fuel, other than fuel mentioned in paragraphs (1), (2), and (3), and other than an alternative fuel, sold or used in the city and county of Honolulu,
county of Hawaii, or sold in any county for ultimate
use in the county of Hawaii, 16 cents state tax, and
in addition thereto [such] an amount, to be known as
the "county of Hawaii fuel tax", as shall be levied
pursuant to section 243-5;

(6) For each gallon of liquid fuel, other than fuel
mentioned in paragraphs (1), (2), and (3), and
other than an alternative fuel, sold or used in the
county of Maui, or sold in any county for ultimate use
in the county of Maui, 16 cents state tax, and in
addition thereto [such] an amount, to be known as the
"county of Maui fuel tax", as shall be levied pursuant
to section 243-5; and

(7) For each gallon of liquid fuel, other than fuel
mentioned in paragraphs (1), (2), and (3), and
other than an alternative fuel, sold or used in the
county of Kauai, or sold in any county for ultimate
use in the county of Kauai, 16 cents state tax, and in
addition thereto [such] an amount, to be known as the
"county of Kauai fuel tax", as shall be levied
pursuant to section 243-5.
If it is shown to the satisfaction of the department, based upon proper records and from [evident] any other evidence as the department may require, that liquid fuel, other than fuel mentioned in paragraphs (1) [and], (2), and (3), is used for agricultural equipment that does not operate upon the public highways of the State, the user thereof may obtain a refund of all taxes thereon imposed by this section in excess of 1 cent per gallon. The department shall adopt rules to administer such refunds."

PART II

SECTION 3. Section 206M-15.5, Hawaii Revised Statutes, is amended to read as follows:

"§206M-15.5 High technology special fund. There is established in the state treasury a fund to be known as the high technology special fund, into which shall be deposited, except as otherwise provided by section 206M-17[[-all]],

(1) Any appropriations or other funds required to be deposited by law; and

(2) All moneys, fees, and equity from tenants, qualified persons, or other users of the development
corporation's industrial parks, projects, other leased facilities, and other services and publications;
provided that the total amount of moneys in the fund shall not exceed $3,000,000 at the end of any fiscal year. All moneys in the fund are appropriated for the purposes of and shall be expended by the development corporation for the operation, maintenance, and management of its industrial parks, projects, facilities, services, and publications, and to pay the expenses in administering the special purpose revenue bonds of the development corporation or in carrying out its project agreements."

PART III

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

SECTION 5. This Act shall take effect upon its approval; provided that section 2 shall be applied retroactively and shall be effective on and after January 1, 2016.

APPROVED this 20 day of JUN, 2016

GOVERNOR OF THE STATE OF HAWAII