



## States' Biofuels Statutes

### STATE OF HAWAII

*This project was undertaken in partnership with the USDA Office of the Chief Economist, The Office of Energy Policy and New Uses. For information on the full project, visit [States' Biofuels Statutory Citations](#). These statutes are placed in reverse chronological order using the date of the most recent amendment to the statute. Many biofuels laws were enacted as amendments to previously passed laws.*

*Current through the 2013 Legislative Session of the Hawaii General Assembly.*

#### § 243-4. License taxes

(a) Every distributor, in addition to any other taxes provided by law, shall 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 imposed are as follows:

- (1) For each gallon of diesel oil, 2 cents;
- (2) For each gallon of gasoline or other aviation fuel sold for use in or used for airplanes, 2 cents;
- (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, 17 cents state tax, and in addition thereto 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 county of Hawaii, or sold in any county for ultimate use in the county of Hawaii, 17 cents state tax, and in addition thereto 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, 17 cents state tax, and in addition thereto 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, 17 cents state tax, and in addition thereto 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 any other evidence as the department may require, that liquid fuel, other than fuel mentioned in paragraphs (1), (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.

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

(1) For each gallon of diesel oil sold or used in the city and county of Honolulu, or sold in any other county for ultimate use in the city and county of Honolulu, 15 cents state tax, and in addition thereto an amount, to be known as the “city and county of Honolulu fuel tax”, as shall be levied pursuant to section 243-5;

(2) For each gallon of diesel oil sold or used in the county of Hawaii, or sold in any other county for ultimate use in the county of Hawaii, 15 cents state tax, and in addition thereto an amount, to be known as the “county of Hawaii fuel tax”, as shall be levied pursuant to section 243-5;

(3) For each gallon of diesel oil sold or used in the county of Maui, or sold in any other county for ultimate use in the county of Maui, 15 cents state tax, and in addition thereto an amount, to be known as the “county of Maui fuel tax”, as shall be levied pursuant to section 243-5; and

(4) For each gallon of diesel oil sold or used in the county of Kauai, or sold in any other county for ultimate use in the county of Kauai, 15 cents state tax, and in addition thereto an amount, to be known as the “county of Kauai fuel tax”, as shall be levied pursuant to section 243-5.

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

(c) The tax shall not be collected in respect to any benzol, benzene, toluol, xylool, or alternative fuel sold

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

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

(2) Every distributor, in addition to the tax required under paragraph (1) of this subsection, shall pay a license tax to the department for each gallon of alternative fuel sold or used by the distributor for operating a motor vehicle or motor vehicles upon the public highways of the State at a rate proportional to that of the rates applicable to diesel oil in subsection (b), rounded to the nearest one-tenth of a cent, as follows:

(A) Ethanol, 0.145 times the rate for diesel;

(B) Methanol, 0.11 times the rate for diesel;

(C) Biodiesel, 0.25 times the rate for diesel;

(D) Liquefied petroleum gas, 0.33 times the rate for diesel; and

(E) For other alternative fuels, the rate shall be based on the energy content of the fuels as compared to diesel fuel, using a lower heating value of one hundred thirty thousand British thermal units per gallon as a standard for diesel, so that the tax rate, on an energy content basis, is equal to one-quarter the rate for diesel fuel.

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

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

(d) No tax shall be collected in respect to any liquid fuel, including diesel oil and liquefied petroleum

gas, shown to the satisfaction of the department to have been sold for use in and actually delivered to, or sold in, the county of Kalawao.

**Credits:** Laws 1932 1st, ch. 19, § 4; Laws 1933, ch. 133, § 2; Laws 1937, ch. 189, § 1; Laws 1939, ch. 254, § 1; Laws 1941, Sp. Sess., ch. 26, § 1; R.L. 1945, § 5404; Laws 1947, ch. 196, § 2; Laws 1949, ch. 360, § 4; Laws 1951, ch. 187, § 2; Laws 1951, ch. 302, § 1; Laws 1953, ch. 20, § 1; Laws 1953, ch. 20, § 1; Laws 1953, ch. 197, § 1; Laws 1953, ch. 198, § 1; Laws 1953, ch. 213, § 1; Laws 1955, ch. 147, § 1; Laws 1955, ch. 148, § 1; Laws 1955, ch. 181, § 1; Laws 1955, ch. 250, § 2; R.L. 1955, § 123-3; Laws 1957, ch. 217, § 2; Laws 1959, 2nd Sp. Sess., ch. 1, § 16; Laws 1962, ch. 23, § 1; H.R.S. § 243-4; Laws 1969, ch. 215, § 1; Laws 1970, ch. 69, § 1; Laws 1970, ch. 180, § 18; Laws 1971, ch. 51, §§ 1, 2; Laws 1977, ch. 195, § 2; Laws 1984, ch. 90, § 1; Laws 1985, ch. 239, § 4; Laws 1986, ch. 54, § 1; Laws 1991, ch. 263, § 11; Laws 2001, ch. 143, § 3; Laws 2004, ch. 96, § 2; Laws 2005, ch. 22, § 5; Laws 2007, ch. 103, § 3, eff. May 29, 2007 ; Laws 2007, ch. 209, § 3, eff. July 1, 2007; Laws 2009, ch. 198, § 2, eff. July 1, 2009.