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August 9, 2004

DEPARTMENT OF TAXATION ANNOUNCEMENT 2004-06

RE: Decrease in Alternative Fuel Tax Rates effective July 1, 2004

Act 96, Session Laws of Hawaii 2004, encourages the use of alternative fuels by reducing the fuel tax for ethanol, methanol, biodiesel and other alternative fuels, effective July 1, 2004. By reducing the cost of alternative fuels businesses and residents may be encouraged to use vehicles that consume alternative fuels.

Kauai County Ordinance No. 816 (Ordinance No. 816) in conjunction with Kauai County Council Resolution No. 2004-06, Draft 2, decreases and sets the Kauai County biodiesel fuel tax rate to zero cents (0¢) per gallon on biodiesel sold or used in Kauai County effective July 1, 2004. Ordinance No. 816 sets the Kauai County fuel tax on gasoline and diesel oil sold or used on the public highways to 13 cents per gallon.

The Department has reevaluated the methodology of computing the alternative fuel tax rates. The revised calculation incorporates the new rates effective July 1, 2004. (See attached Schedule of Fuel Tax Rates).

The applicable fuel tax forms are being revised to incorporate the decrease in the alternative fuel tax rates. The revised tax forms will be available shortly at the district offices of the Department of Taxation and will be mailed to distributors.

Forms and other tax information may be downloaded from the Department's website at www.state.hi.us/tax. If you know which tax form or publication you need, please call the Department's request line at 808-587-7572, or toll-free from the neighbor islands and continental U.S. at 1-800-222-7572. This service is available 24 hours a day, 7 days a week.

KURT KAWAFUCHI
Director of Taxation

HRS Section Explained: HRS Section 243-4.

Schedule of Fuel Tax Rates
(Effective July 1, 2004)
(Fuel tax rates in cents per gallon)

TYPE OF FUEL	STATE TAX	COUNTY TAX	TOTAL TAX
AVIATION FUEL			
All Counties	1	--	1
DIESEL OIL (OFF HIGHWAY)	1	--	1
DIESEL OIL (ON HIGHWAY)			
City & County of Honolulu	16	16.5	32.5
County of Maui	16	18	34
County of Hawaii	16	8.8	24.8
County of Kauai	16	13	29
GASOLINE & ALL OTHER LIQUID FUEL			
City & County of Honolulu	16	16.5	32.5
County of Maui	16	18	34
County of Hawaii	16	8.8	24.8
County of Kauai	16	13	29
ETHANOL			
City & County of Honolulu	2.4	2.4	4.8
County of Maui	2.4	3.8	6.2
County of Hawaii	2.4	1.3	3.7
County of Kauai	2.4	1.9	4.3
METHANOL			
City & County of Honolulu	1.9	1.8	3.7
County of Maui	1.9	2.9	4.8
County of Hawaii	1.9	1.0	2.9
County of Kauai	1.9	1.4	3.3
BIODIESEL			
City & County of Honolulu	4.0	8.3	12.3
County of Maui	4.0	0	4.0
County of Hawaii	4.0	2.2	6.2
County of Kauai	4.0	0	4.0
LIQUID PETROLEUM GAS			
City & County of Honolulu	5.2	5.4	10.6
County of Maui	5.2	4.3	9.5
County of Hawaii	5.2	2.9	8.1
County of Kauai	5.2	4.3	9.5
ENVIRONMENTAL RESPONSE TAX (per barrel)			
City & County of Honolulu	5	--	5
County of Maui	5	--	5
County of Hawaii	5	--	5
County of Kauai	5	--	5