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DEPARTMENT OF TAXATION ANNOUNCEMENT NO. 2007-06

RE: Act 103, Session Laws of Hawaii 2007, Relating to Energy

On May 29, 2007, Governor Linda Lingle signed into law Senate Bill 992 SD 1, HD 2, CD 1, as Act 103.

Act 103 amends Chapter 243, Hawaii Revised Statutes (HRS), relating to Hawaii's fuel tax law.

Act 103 amends HRS § 243-1 by adding a new definition of "Power-Generating Facility," which is defined as an electricity-generating facility that requires a permit under the federal Clean Air Act or the Hawaii Pollution Control Law, or both.

Act 103 also amends HRS § 243-4 by imposing a new fuel tax rate on Naphtha fuel sold for use in a power-generating facility. The new rate is one cent per gallon.

Act 103 makes various technical amendments for purposes of clarity and conformity as a result of adding the new Naphtha fuel tax rate.

Act 103 takes effect on May 29, 2007 and the Naphtha tax rate is effective retroactively for sales of the fuel used in power-generating facilities. However the definition of "Power-Generating Facility" in HRS § 243-1 and the amendments to HRS § 243-4(a), namely the favorable Naphtha fuel tax rate, repeal on December 31, 2009. Upon repeal, HRS § 243-4(a) will be reenacted in the form in which it read prior to the effective date of Act 103.

For more information on Act 103, please contact the Rules Office at 808-587-1577.

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