LINDA LINGLE
GOVERNOR

JAMES R. AIONA, JR.
LT. GOVERNOR

KURT KAWAFUCHI
DIRECTOR OF TAXATION

SANDRA L. YAHIRO
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF TAXATION
P.O. BOX 259
HONOLULU, HAWAII 96809

PHONE NO: (808) 587-1510
FAX NO: (808) 587-1560

July 3, 2007

DEPARTMENT OF TAXATION ANNOUNCEMENT NO. 2007-12

RE: Act 209, Session Laws of Hawaii 2007, Relating to Transportation.

On June 26, 2007, Governor Linda Lingle signed into law House Bill 1757 HD 1, SD 3, CD 2, as Act 209.

Act 209, among other things, provides a general excise tax exemption on the retail sale of alcohol fuel. "Alcohol fuel" is defined as "neat biomass-derived alcohol liquid fuel or a petroleum-derived fuel and alcohol liquid fuel mixture consisting of at least ten volume per cent denatured biomass-derived alcohol commercially usable as a fuel to power aircraft, seacraft, spacecraft, motor vehicles, or other motorized vehicles."

Act 209 also requires that any producer, wholesaler, or retailer of alcohol fuels must pass-on any savings realized by the alcohol fuel general excise tax exemption to the end-consumer.

Act 209 also amends HRS § 243-4 by increasing the fuel tax on each of the various types of fuels sold or used in the state by one cent ($0.01) per gallon.

Act 209 takes effect on July 1, 2007; however the general excise tax exemption on the sale of alcohol fuel is to be repealed on June 30, 2009.

For more information on Act 209, please contact the Rules Office at 808-587-1577.

KURT KAWAFUCHI
Director of Taxation