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July 31, 2009

DEPARTMENT OF TAXATION ANNOUNCEMENT NO. 2009-21

RE: Act 198, Session Laws of Hawaii 2009, Relating to Taxation.

On July 15, 2009, House Bill 371, HD 2, SD2, CD 1 became law without Governor Linda Lingle's signature, pursuant to Section 16 of Article III of the State Constitution.

The Act amends section 243-4(a)(3), Hawaii Revised Statutes, raising the fuel tax rate for naphtha sold for use in a power-generating facility from 1 cent per gallon to 2 cents per gallon. This rate change took effect as of July 1, 2009.

The Act also amends the repeal date of the provisions providing the special tax treatment of naphtha sold for use in a power-generating facility from December 31, 2009 to December 31, 2012. The original naphtha tax provisions and the sunset provision are found in Act 103 (2007 Session Laws of Hawaii). Absent further legislation, on December 31, 2012, section 243-4(a), Hawaii Revised Statutes will be reenacted in the form in which it read on May 28, 2007, the day before the effective date of Act 103 (2007), meaning that naphtha sold for use in a power-generating facility would no longer have a separate tax rate and would be taxed like any other liquid fuel.

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



KURT KAWAFUCHI
Director of Taxation