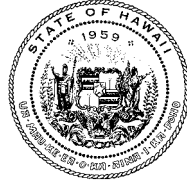


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STANLEY SHIRAKI
DEPUTY DIRECTOR

June 7, 2010

DEPARTMENT OF TAXATION ANNOUNCEMENT NO. 2010-07

RE: Act 73, Session Laws of Hawaii 2010, Relating to Government; Increasing and Amending the Environmental Response Tax

On April 29, 2010, the Legislature overrode Governor Linda Lingle's veto and House Bill 2421 HD 2 SD 2 CD 1, became law as Act 73, Session Laws of Hawaii 2010.

The Act is divided into nine parts. The Department of Taxation limits this announcement to the relevant amendments to the Hawaii Revised Statutes (HRS) that affect Hawaii tax law.

Part II amends Hawaii law as it relates to the Environmental Response Tax. First, Act 73 amends HRS § 128D-2 by eliminating the prior requirement that the Department of Health notify the Department of Taxation when the Environmental Response Revolving Fund exceeds \$20,000,000. When the fund ceiling was reached, the Department of Taxation was to notify distributors liable for the tax to discontinue collection of the tax.

Part II also amends the Environmental Response Tax by renaming the tax the Environmental Response, Energy, and Food Security Tax. Act 73 increases this tax from \$0.05 per barrel of petroleum product to \$1.05 per barrel of petroleum product that is not aviation fuel. The increased revenues from the increased tax are to be distributed amongst various special funds and the general fund.

The tax increase contained in Act 73 takes effect on July 1, 2010 and shall be repealed on June 30, 2015.

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



KURT KAWAFUCHI
Director of Taxation