

HAWAII Petroleum Marketers Association State Report

The Aloha State • HPMMA

Legislative Report



Steve Wetter
HPMA President
Maui Petroleum Inc
Kahului

HB 1486, Relating to the Hawaii State Fuel Tax:

Changes the assessment of the state fuel tax from a specified cents per gallon to the greater of a specified cents per gallon or a specified percentage of the wholesale price per gallon to the retailer, subject to a minimum monetary amount of tax based upon the tax paid by certain retailers.

HPMA's concerns:

- **TAXES**, which will be passed on to the consumer, will increase as product costs increase. There is a multiplying effect that will have a much bigger impact on the consumer at the worst possible time (when fuel prices are high).
- **AS WRITTEN**, the actual taxable amount will vary by distributor based on "cost." This may put some resellers at a disadvantage because they may be paying higher state fuel taxes than their competition.
- **THIS WILL PROBABLY PENALIZE** the small, rural retailers that have higher costs due to location, volume, tank sizes, etc.
- **A PERCENTAGE-BASED TAX** adds complication and costs to the current fixed cents per gallon tax structure, and allows for potential inequalities and unintended consequences.
- **WE ARE OPPOSED** to increased taxes and feel the burden should be on the State to reduce costs, as we are forced to do both as a business and individually.

NextEra Energy Inc Acquiring Hawaiian Electric Co

NextEra Energy's acquisition of HECO, which is expected to close in the fourth quarter of 2015, still needs the shareholder approval of HECO's parent, Hawaiian Electric Industries Inc, as well as several regulatory approvals, including the Hawaii Public Utilities Commission. Hawaiian Electric Cos. consists of Hawaiian Electric Co. on Oahu, Maui Electric in Maui County, and Hawaii Electric Light on the Big Island. NextEra Energy Inc. said that the proposed acquisition of Hawaii's largest utility will save customers about \$60 million, and that there will be no increase in general base rates for at least four years following the close of the transaction, according to an application submitted to the Hawaii Public Utilities Commission.

Chevron Hawaii Assets for Sale

Chevron Corp. has hired Deutsche Bank to assist with searching for potential buyers to purchase all of its assets, which include a refinery located at Campbell Industrial Park, a storage terminal, and 60 service stations and pipelines. The only other refinery in Hawaii is owned by Hawaii Independent Energy, a subsidiary of Houston-based Par Petroleum, the company that purchased Tesoro Hawaii's operations last year. Chevron has operated in Hawaii for 125 years.