

BFED Committee

From: Bob King <bking@biodiesel.com>
Sent: Thursday, March 18, 2021 2:24 PM
To: BFED Committee
Subject: Fuel tax rate
Attachments: Maui County Biodiesel Tax Comparison 3-18-21.pdf

Chair Rawlins-Fernandez and BFED Committee:

I wanted to follow up with additional information on the biodiesel fuel tax rate issue. Please see the attachment. Hopefully this explains the technical and complicated situation better. I am available to discuss further with any member that needs more information.

Mahalo!
Bob

Robert King

President

PACIFIC BIODIESEL TECHNOLOGIES

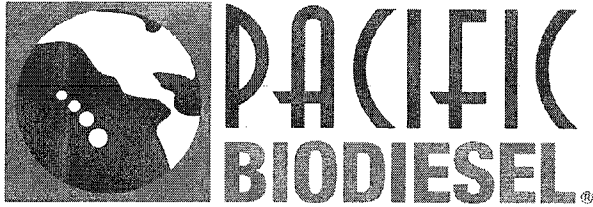
Cell (808) 283-4102

Office (808) 877-3144

Direct (808) 866-5108

www.biodiesel.com

renewable / sustainable / community-based



CONTACT:
 Bob King, President
 Pacific Biodiesel
 (808) 283-4102
 bking@biodiesel.com

Biodiesel On-Road Tax Comparison

FOR MAUI COUNTY FY 2021/2022

March 18, 2021

Pacific Biodiesel proposes a return to the prior tax rate policy: Biodiesel in Maui County would be defined the same as the State and other Counties; which is blends of 20% biodiesel and above, and be exempt. Petroleum fuel tax will continue to support roads in the near term. Before significant numbers of electric and renewable fuel vehicles are on the road, a new road fund strategy will be developed. We are willing to join a working group on this long term planning if requested.

PROPOSED Maui County On-Road Fuel Tax	Diesel	B20 to B99	B99.9
Tax Rate	\$0.24 per gallon	\$0.00 per gallon	\$0.00 per gallon
Gallons/Year*	5,374,183	177,478	22,211
Revenue	\$1,289,804	\$0	\$0

* Based on Pacific Biodiesel 2020 gallons sold (B20 & B100) and petroleum diesel 5,374,183 gallons sold according to State of Hawaii Dept of Taxation, FY ending 6/30/20.

Maui County Resolution No. 19-100 (effective 7/1/19) created a new alternate fuel tax category for "Biodiesel Blends" that are less than 100% biodiesel (any blend less than B99.9). **This definition creates a tax loophole** – blends AS LOW as B1 (1% biodiesel) would only be charged 6 cents per gallon, creating an 18-cent per gallon tax revenue shortfall as illustrated below (diesel customers will very likely choose an ultra low-sulfur diesel blend of B1 to benefit from the lower tax rate!).

FY 2020/2021 Maui County On-Road Fuel Tax	Diesel	B1 to B99	B99.9
Tax Rate	\$0.24 per gallon	\$0.06 per gallon	\$0.00 per gallon
Gallons/Year*	0	5,374,183 (B1) <u>177,478 (B20)</u> 5,551,661	22,211
Revenue	-\$956,704 shortfall	\$333,100	\$0