



GOV. MSG. NO. 888

EXECUTIVE CHAMBERS
HONOLULU

LINDA LINGLE
GOVERNOR

June 5, 2007

The Honorable Colleen Hanabusa, President
and Members of the Senate
Twenty-Fourth State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

Dear Madam President and Members of the Senate:

This is to inform you that on June 5, 2007, the following bill was signed into law:

HB791 HD1 SD1 CD1

A BILL FOR AN ACT RELATING TO GASOLINE.
(ACT 130)

Sincerely,

A handwritten signature in black ink, appearing to read "Linda Lingle".

LINDA LINGLE

Approved by the Governor

on JUN 5 2007

HOUSE OF REPRESENTATIVES
TWENTY-FOURTH LEGISLATURE, 2007
STATE OF HAWAII

ACT 130

H.B. NO. 791
H.D. 1
S.D. 1
C.D. 1

A BILL FOR AN ACT

RELATING TO GASOLINE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that diversification of
2 fuel supplies and a transition towards renewable energy sources
3 is in the long-term interest nationally and for the people of
4 Hawaii. Gasoline containing ten per cent ethanol has been an
5 approved fuel for use in automotive spark ignition engines since
6 1978. Currently, about fifty per cent of the gasoline in the
7 United States contains ethanol. In some areas of the United
8 States, all of the available motor gasoline contains ethanol.
9 Some of the affected states do not impose labeling requirements
10 for fuels containing ten per cent ethanol.

11 Hawaii's existing ethanol content statute and
12 implementation rules provide for significant flexibility in
13 allowing the private sector to supply approximately seventy
14 million gallons of non-ethanol gasoline per year for old,
15 incompatible, or non-standard equipment that is not listed or
16 tested by Underwriters Laboratory. Nevertheless, there are
17 areas of the State in which the private sector has not taken



1 initiative to address the needs of niche markets, including
2 certain boats, small gasoline-driven tools, and experimental and
3 light-sport aircraft that are in need of non-ethanol gasoline.

4 In 1987, the Coast Guard issued a directive to recreational
5 boat builders to install fuel hoses compatible with gasoline
6 containing aromatics and alcohols. However, some boats have
7 fiberglass fuel tanks that are not ethanol compatible and will
8 cause fiberglass softening or tank leaks. There have been
9 reports of boats with older fiberglass tanks sustaining engine
10 damage due to fiberglass resin compounds being carried by the
11 fuel into the engine and deposited onto intake valves. Although
12 in other states, boat owners with these problems have replaced
13 their tanks, boat owners in Hawaii are seeking another solution.

14 The Underwriters Laboratory listing and testing for fuel
15 system parts has included compatibility with gasoline containing
16 ten per cent ethanol since the 1980s. However, at the time
17 certain types of power equipment were manufactured, the owner's
18 manuals for the equipment did not explicitly describe or allow
19 the use of ethanol-blended gasoline.

20 Further, the Federal Aviation Administration has strict
21 regulations in place that require only aviation grade fuels to
22 be used in certificated aircraft. There are supplemental type



1 certificates in use that allow some "properly altered" aircraft
2 to use automotive grade fuels. Federal Aviation Administration
3 Special Airworthiness Information Bulletin CE 07-06, dated
4 October 27, 2006, states that gasoline containing ethanol is not
5 acceptable unless specifically approved by the type certificate
6 or supplemental type certificates. This also affects light
7 sport aircraft that use Rotax engines. Rotax has issued a
8 notice not to use gasoline containing lead or ethanol in their
9 engines. Although the quantity of motor gasoline used in
10 aviation is small, because motor gasoline refueling of aircraft
11 has not generally been available at airfields in the State, the
12 owners of affected aircraft on Oahu and the Big Island do not
13 yet have convenient access to non-ethanol fuel. Additionally,
14 owners of affected aircraft on Maui and Kauai are unable to fly
15 for the foreseeable future unless non-ethanol gasoline becomes
16 available on these islands.

17 Finally, the legislature finds that non-automobile demand
18 for gasoline that does not contain ethanol may be less than one
19 tenth of a per cent of the total amount of gasoline sold
20 throughout the State. Typically, the Hawaii Before Oxygenate
21 Blend gasoline manufactured conforms to all ASTM base-gasoline
22 standards for automobile use only. Nonetheless, small non-



1 automobile use consumer groups seek gasoline that does not
2 contain ethanol, and an attempt should be made to allow the free
3 market to fill the need for these niche markets prior to the
4 imposition of mandates upon the market. This objective needs to
5 be achieved without appreciably reducing the energy
6 diversification goals of the State.

7 The purpose of this Act is to require fuel distributors to
8 report to the department of business, economic development, and
9 tourism on the distribution and availability of gasoline that
10 does not contain ethanol in order to provide information to the
11 legislature to be used in determining future policy for these
12 niche gasoline markets.

13 SECTION 2. On or before December 1, 2007, all distributors
14 shall report to the department of business, economic development
15 and tourism, in a format prescribed by the department, on their
16 distribution and availability of gasoline that does not contain
17 ethanol. The department of business, economic development, and
18 tourism shall report its findings to the legislature no later
19 than twenty days prior to the convening of the regular session
20 of 2008. For the purposes of this section, "distributor" shall
21 have the same meaning as in 486J-1, Hawaii Revised Statutes.

22 SECTION 3. This Act shall take effect upon its approval.



H.B. NO. 791
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APPROVED this 5 day of JUN , 2007



GOVERNOR OF THE STATE OF HAWAII