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Legislature Overrides Veto On Oil Tax Hike

Tax Climbs From 5 Cents To \$1.05 Per Barrel

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HONOLULU -- Hawaii state lawmakers Thursday overrode one of Gov. Linda Lingle's vetoes to clear the way to impose an almost 2000 percent oil barrel tax hike.

The new law will increase the current oil barrel tax from a nickel to \$1.05 a barrel.

"My reservations are about the impact this will have on consumers especially on the Neighbor Islands," said Rep. Angus McKelvey, a Democrat representing Maui.

The tax will increase gas prices by about 2.5 cents per gallon and raise residential electricity bills by 78 cents per month.

Opponents of the oil tax hike say the new tax hike also will be passed on to consumers in many other ways.

"It is going to hit all aspects of our economy, our electricity bills, our gas bills, everything that we ship, every retail good and even the food that we eat," said Rep. Gene Ward, a Republican representing Hawaii Kai.

The tax hike will raise \$22 million each year with 60 percent of the money used to balance the state budget and remaining revenues to fund alternative energy and food security programs.

Gov. Linda Lingle hoped to kill the oil tax hike with her veto. She said she opposed the tax because it increases the cost of living when people are least able to afford it.

"It will make virtually everything more expensive including retail goods, food, public and school bus rides and even propane for backyard barbecues," said the governor.

Other tax and fee hikes now law after Thursday's veto override session include a bill to increase the fee for traffic abstracts from \$7 to \$20, and tax on estates valued at \$3.5 million or more.

The so called "Death Tax" is expected to raise \$8 million a year.

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Video: Lawmakers: Oil Barrel Tax Hike Will Raise \$22 million Yearly

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