
A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 SECTION 1. (a) The department of transportation shall
2 establish the vehicle miles traveled pilot program.
3 Paying less and avoiding having to pay any liquid fuel tax
4 is often viewed as a factor that encourages motorists to
5 purchase or use more fuel-efficient motor vehicles or motor
6 vehicles that use alternative sustainable fuel sources. The
7 liquid fuel tax, however, is the primary means of funding the
8 infrastructure improvements needed to support motor vehicular
9 travel, regardless of fuel type. As the use of fuel efficient
10 and alternative energy vehicles becomes more prevalent, less gas
11 will be consumed and liquid fuel tax collections will
12 correspondingly diminish. The current method of assessing the
13 motor vehicle liquid fuel tax on a per gallon basis will become
14 less and less effective at generating a stable revenue source to
15 fund the land transportation infrastructure program.
16 The current liquid fuel tax per gallon is also not indexed
17 to account for inflation or other cost escalation factors.

1 Political realities make it difficult to accomplish the periodic
2 raising of the liquid fuel tax to match inflation. The net
3 result is the continual erosion in the actual buying power of
4 the revenue collected.

5 As gas prices recently rose to historic highs, demand for
6 more fuel efficient vehicles also rose. This correlation shows
7 that the price of gas has a far greater influence on encouraging
8 use of fuel efficient vehicles and alternative energy use, as
9 opposed to avoiding the liquid fuel tax.

10 The number of miles each vehicle travels is a better gauge
11 of its actual use and associated impact on the land
12 transportation infrastructure.

13 (b) The department of transportation shall evaluate a
14 vehicle miles traveled user fee as a more equitable means of
15 assessing all users of the highway system a fee based on their
16 actual use and impact on the highways. This approach would
17 better correlate usage and fees and would provide a more
18 reliable and stable source of funds to administer and manage the
19 land transportation infrastructure system.

20 SECTION 2. The department of transportation shall develop
21 one or more pilot programs to test alternatives to the current
22 state and county system of motor vehicle fuel taxes. The pilot

1 programs may include but are not limited to programs to test the
2 reliability, ease of use, cost, and public acceptance of
3 technology and methods for:

- 4 (1) Identifying vehicles;
- 5 (2) Collecting and reporting the number of miles traveled
6 by particular vehicles; and
- 7 (3) Collecting payments from or making payments to
8 participants in pilot programs.

9 SECTION 3. The department of taxation may refund motor
10 vehicle fuel taxes paid by participants in pilot programs under
11 this Act. The department of taxation may otherwise compensate
12 participants in pilot programs under this Act. Any compensation
13 to participants in pilot programs under this Act may be
14 administered uniformly or may be administered as a sweepstakes.
15 The department of taxation may terminate a pilot program at any
16 time and may terminate participation by any person at any time.
17 Termination from a pilot program under this Act shall not
18 entitle any person to additional compensation.

19 SECTION 4. This Act shall take effect upon approval.

Report Title:

Transportation; Vehicle Miles Traveled Pilot Program

Description:

Establishes the vehicle miles traveled pilot program to explore the possibility of user fees for users of highways. (SD1)