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# A BILL FOR AN ACT

RELATING TO TRANSPORTATION.

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

1           SECTION 1. The legislature finds that paying less and  
2 avoiding having to pay any liquid fuel tax are often viewed as  
3 incentives for motorists to purchase or use more fuel efficient  
4 motor vehicles or motor vehicles that use alternative  
5 sustainable fuel sources. The liquid fuel tax, however, is the  
6 primary means of funding the infrastructure improvements needed  
7 to support motor vehicular travel, regardless of fuel type. As  
8 the use of fuel efficient and alternative energy vehicles  
9 becomes more prevalent, less gas will be consumed and liquid  
10 fuel tax collections will correspondingly diminish. The current  
11 method of assessing the motor vehicle liquid fuel tax on a per  
12 gallon basis will become less and less effective at generating a  
13 stable revenue source to fund the land transportation  
14 infrastructure program.

15           The current liquid fuel tax per gallon is also not indexed  
16 to account for inflation or other cost escalation factors.  
17 Political realities make it difficult to accomplish the periodic  
18 raising of the liquid fuel tax to match inflation. The net



1 result is the continual erosion in the actual buying power of  
2 the revenue collected.

3 As gas prices recently rose to historic highs, demand for  
4 more fuel efficient vehicles also rose. This correlation shows  
5 that the price of gas has a far greater influence than avoidance  
6 of paying liquid fuel taxes on encouraging the use of fuel  
7 efficient vehicles and alternative energy use.

8 The purpose of this Act is to allow the department of  
9 transportation to establish the vehicle miles traveled program,  
10 under which the department shall evaluate a vehicle miles  
11 traveled user fee, and establish one or more pilot programs to  
12 test alternatives to the existing state and county system of  
13 motor vehicle fuel taxes.

14 SECTION 2. The department of transportation may establish  
15 the vehicle miles traveled program; provided that if the program  
16 is established the department shall evaluate a vehicle miles  
17 traveled user fee as a more equitable means of assessing all  
18 users of the highway system a fee based on their actual use and  
19 impact on the highways. This approach would better correlate  
20 usage and fees and would provide a more reliable and stable  
21 source of funds to administer and manage the land transportation  
22 infrastructure system.



1 SECTION 3. The department of transportation may develop  
2 one or more pilot programs to test alternatives to the current  
3 state and county system of motor vehicle fuel taxes. The pilot  
4 programs may include programs to test the reliability, ease of  
5 use, cost, and public acceptance of technology and methods for:

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

11 SECTION 4. The department of taxation may refund motor  
12 vehicle fuel taxes paid by participants in pilot programs under  
13 this Act. The department of taxation may otherwise compensate  
14 participants in pilot programs under this Act. Any compensation  
15 to participants in pilot programs under this Act may be  
16 administered uniformly or may be administered as a sweepstakes.  
17 The department of taxation may terminate a pilot program at any  
18 time and may terminate participation by any person at any time.  
19 Termination from a pilot program under this Act shall not  
20 entitle any person to additional compensation.

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1 SECTION 5. This Act shall take effect upon approval.

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**Report Title:**

Transportation; Vehicle Miles Traveled Pilot Program

**Description:**

Authorizes the department of transportation to establish a vehicle miles traveled pilot program and under that pilot program, evaluate the use of a vehicle miles traveled user fee. Authorizes the department to establish one or more pilot programs to test alternatives to the existing state and county system of motor vehicle fuel taxes. Authorizes the department of transportation to refund motor vehicle fuel taxes under any pilot program. (SD1)

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