

STAND. COM. REP. NO. 444

Honolulu, Hawaii

FEB 17 2023

RE: S.B. No. 1534
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Second State Legislature
Regular Session of 2023
State of Hawaii

Sir:

Your Committee on Transportation and Culture and the Arts, to which was referred S.B. No. 1534 entitled:

"A BILL FOR AN ACT RELATING TO TRANSPORTATION,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Replace the \$50 annual vehicle registration surcharge for electric vehicles with a capped mileage-based road user fee for electric vehicles;
- (2) Establish the Hawaii Highway Safety and Modernization Council and repeal the State Highway Safety Council, effective July 1, 2023; and
- (3) Provide that implementation of user fees take effect January 1, 2025.

Your Committee received testimony in support of this measure from the Ulupono Initiative. Your Committee received testimony in opposition to this measure from two individuals. Your Committee received comments on this measure from the Hawaii State Energy Office, Tax Foundation of Hawaii, and Tesla.

Your Committee finds that as fuel tax revenues decrease, the Department of Transportation recommends the adoption of a per-mile



road usage charge system to provide sustainable funding for the State's road infrastructure. With the existing vehicle inspection program, the State can transition to a per-mile road usage charge system while also considering a replacement for the surcharge on electric vehicles. Additionally, increased support for fuel-efficient electric and alternative fuel vehicles may drive the shift to fees based on vehicle miles traveled to ensure fairness to all drivers in the State. To ensure an appropriate approach to transportation is utilized, the State should pursue a concerted strategy to enable commuters to reduce overall vehicle miles traveled while providing commuters who do not drive with more affordable options to improve outcomes and reduce the number of cars on the road, traffic, and costs.

Your Committee notes that, before the Department of Transportation implements a mileage-based user fee, the \$50 surcharge on electric vehicles will remain in effect. However, after the implementation of a mileage-based user fee, the \$50 surcharge on electric vehicles will be replaced with the mileage-based user fee. Your Committee emphasizes that Hawaii drivers operating an electric motor vehicle will not pay two fees upon implementation of the mileage-based user fee.

Your Committee has amended this measure by:

- (1) Deleting the contents of section 2 and inserting the contents of H.B. No. 1110, section 2, a substantially similar measure, which:
 - (A) Establishes a state mileage-based road usage charge;
 - (B) Requires annual payment of the mileage-based road usage charge following the vehicle's most recent inspection;
 - (C) Provides exemptions for certain vehicles;
 - (D) Offers owners of electric vehicles the choice to pay a \$70 registration surcharge in lieu of the state mileage-based road usage charge until June 30, 2028;



- (E) Requires the Department of Transportation to develop a long-term mileage-based road usage charge implementation plan by December 31, 2023; and
 - (F) Authorizes the Department of Transportation to develop rules to implement the mileage-based road usage charge;
- (2) Requiring the Department of Transportation to adopt a phased implementation approach to offer greater flexibility to the Department to implement the mileage-based road user fee;
 - (3) Amending the composition of the Hawaii Highway Safety and Modernization Council to include the Deputy Director of Transportation for Highways;
 - (4) Narrowing the Hawaii Highway Safety and Modernization Council's scope to focus on the development of goals, metrics, benchmarks, and strategies to reduce the cost of transportation and vehicle miles traveled;
 - (5) Requiring the Hawaii Highway Safety and Modernization Council to also advise the Governor on matters relating to the programs and activities of the State in the field of highway safety; and
 - (6) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Transportation and Culture and the Arts that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1534, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1534, S.D. 1, and be referred to your Committee on Ways and Means.



Respectfully submitted on
behalf of the members of the
Committee on Transportation and
Culture and the Arts,




CHRIS LEE, Chair



The Senate
 Thirty-Second Legislature
 State of Hawai'i

Record of Votes
Committee on Transportation and Culture and the Arts
TCA

Bill / Resolution No.:*	Committee Referral:	Date:		
SB1534	TCA, WAM	2/7/23		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
LEE, Chris (C)	✓			
INOUYE, Lorraine R. (VC)	✓			
ELEFANTE, Brandon J.C.	✓			
KEOHOKALOOLE, Jarrett	✓			
AWA, Brenton			✓	
TOTAL	4		1	
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes