



# HAWAII STATE ENERGY OFFICE STATE OF HAWAII

JOSH GREEN, M.D.  
GOVERNOR

MARK B. GLICK  
CHIEF ENERGY OFFICER

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Testimony of  
**MARK B. GLICK, Chief Energy Officer**

before the  
**HOUSE COMMITTEE ON FINANCE**

Wednesday, March 29, 2023  
2:00 PM  
State Capitol, Conference Room 308 and Videoconference

In SUPPORT of  
**SB 1534, SD2, HD2**

**RELATING TO TRANSPORTATION.**

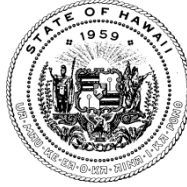
Chair Yamashita, Vice Chair Kitagawa, and Members of the Committee, the Hawai'i State Energy Office (HSEO) provides comments in support of SB 1534, SD2, HD2, which replaces the \$50 annual vehicle registration surcharge for electric vehicles with a capped mileage-based road user fee for certain electric vehicles, and allows electric vehicles a choice of paying a registration surcharge or a per-mile road usage charge until June 30, 2028.

HSEO's comments are guided by its mission to promote energy efficiency, renewable energy, and clean transportation to help achieve a resilient, clean energy, decarbonized economy. Sustainable funding for Hawai'i's roadway maintenance costs needs to be addressed to ensure a smooth transition as Hawaii decarbonizes ground transportation. HSEO is currently engaging with State agencies and stakeholders to discuss the issues raised from this measure. HSEO regularly collaborates with the Hawai'i Department of Transportation (HDOT) on efforts including the designation of Alternative Fuel Corridors by the Federal Highway Administration and the National Electric Vehicle Infrastructure (NEVI) Hawai'i State Plan to build out infrastructure on those corridors and will continue that collaboration.

HSEO supports the requirement in SB 1534, SD2, HD2, Section 2 to extend the mileage-based road use charge to all passenger vehicles and light duty trucks by December 31, 2033. It is an important signal to the market and the adopters of electric vehicles that the intent is to move all vehicles to a sustainable and equitable framework to collect revenues for road maintenance. The mileage-based road use charge should be devised in such a way to transparently incentivize residents to utilize more fuel-efficient vehicles and alternative modes of transportation including public transit, electric mobility, bicycling, and walking. When so devised, it becomes easy for drivers to understand that reducing miles driven results in a lower annual mileage-based road use charge. To support the expedient transition to this revenue collection framework HSEO would respectfully request clarifying whether SB 1534, SD2, HD2, includes the authority for HDOT to implement the program for all light duty passenger vehicles and light duty trucks. SB 1534, SD2, HD2, amended Section 2 to say “(f) The department of transportation shall adopt rules pursuant to chapter 91 for establishing and administering the state mileage-based road usage charge.” The authority would be in addition to the requirement that a plan be developed to fully implement a state mileage-based road use charge program to encompass all passenger vehicles and light duty trucks by December 31, 2033.

Thank you for the opportunity to testify.

JOSH GREEN, M.D.  
GOVERNOR



**TESTIMONY BY:**  
EDWIN H. SNIFFEN  
DIRECTOR  
  
Deputy Directors  
DREANALEE K. KALILI  
TAMMY L. LEE  
ROBIN K. SHISHIDO  
JAMES KUNANE TOKIOKA

**STATE OF HAWAII**  
**DEPARTMENT OF TRANSPORTATION**  
869 PUNCHBOWL STREET  
HONOLULU, HAWAII 96813-5097

March 29, 2023  
2:00 P.M.  
State Capitol, Room 308 & Videoconference

**S.B. 1534 SD2 HD2**  
**RELATING TO TRANSPORTATION**

House Committee on Finance

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The Department of Transportation (DOT) **supports with comments** that eliminates the current \$50.00 annual state vehicle registration surcharge on Electric Vehicles (EVs) and in its place provides a Road Usage Charge (RUC) program for EV owners, and provides an option for EV owners to pay an annual EV registration surcharge instead.

The DOT is committed to a RUC program that is equitable for all users of the system. For this initial per-mile state RUC program starting with EVs on July 1, 2025, the DOT recommends a rate of 0.8 cents per mile with a cap of \$50 per year, and if they desire, in lieu of being in a per-mile RUC program, EV owners would be offered a choice to pay an annual \$50 EV registration surcharge instead. This choice to pay the annual EV registration surcharge will be offered until June 30, 2028.

The DOT recommends that for the funding provided for this initial RUC undertaking in this Act and recommends Section 6 be revised as follows:

“ SECTION 6. There is appropriated out of the state highway fund, the sum of \$1,300,000 or so much thereof as may be necessary for fiscal year 2023-2024 to be used with available federal funds, for the initial implementation of the state mileage-based road user charge established pursuant to section 2 of this Act.

The sum appropriated shall be expended by the department of transportation for the purposes of this Act. ”

To clarify when funding will become available for the DOT to start developing this program, and when this RUC program will be implemented, the DOT recommends SECTION 8 be revised as follows:

“ SECTION 8. Sections 1 through 5 of tThis Act shall take effect on ~~June 30, 3000~~ July 1, 2025, and Section 6 of this act shall take effect on July 1, 2023.”

Thank you for the opportunity to provide testimony.

# TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 305

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: FUEL, MISCELLANEOUS, MOTOR VEHICLE, New Road Usage Charge for Electric Vehicles

BILL NUMBER: SB 1534 HD 2

INTRODUCED BY: House Committee on Consumer Protection & Commerce

EXECUTIVE SUMMARY: Creates a mileage-based road usage charge to replace state motor fuel taxes beginning on July 1, 2025, for electric vehicles. Eliminates \$50 annual state vehicle registration surcharge for electric vehicles. Allows electric vehicles a choice of paying a registration surcharge or a per-mile road usage charge until June 30, 2028. Requires motor vehicle registration application to specify whether the type of fuel for which the vehicle is adapted is electricity. Requires certificates of inspection to state the odometer reading of vehicles. Requires the department of transportation to plan for the deployment of a state mileage-based road user charge program by 2033 and submit a report to the legislature no later than twenty days prior to the convening of the regular session of 2026. Defines electric vehicle. Defines alternative fuel vehicle. Makes an appropriation.

SYNOPSIS: Adds a new section to chapter 249, HRS, to impose a road usage charge (RUC) in the amount of 0.8 cents per mile traveled less the estimated amount of paid state motor fuel taxes. The number of miles traveled will be determined by comparing the odometer readings in the vehicle's two most recent annual vehicle inspection (safety check) reports.

Defines "electric vehicle" as a vehicle, with four or more wheels, a gross vehicle weight rating less than or equal to ten thousand pounds, and the capability to operate legally at a speed of more than thirty-five miles per hour, that draws propulsion energy exclusively from a battery that can be recharged from an external source of electricity.

RUC realizations are deposited into the state highway fund.

Provides that vehicle owners may elect to pay a \$50 registration surcharge in lieu of the RUC until June 30, 2028.

Makes technical and conforming amendments to sections 249-31, 286-26, and 286-41, HRS.

EFFECTIVE DATE: June 30, 3000.

STAFF COMMENTS: The House Committee on Transportation substituted the contents of HB 1110, an Administration bill sponsored by the Department of Transportation and designated TRN-11 (23). It authorizes a program called HiRUC that has been in the works for a few years now.

We observe that the State's policy toward electric and other zero-emission vehicles has not been consistent. In the early 2010's, State policy was to incentivize such vehicles for being

environmentally friendlier. Several benefits came with the special plate that accompanied an electric vehicle, including the ability to park at government parking lots (including at the airport!) and street spaces for free, and the ability to jump into carpool lanes even though there is just one person in the car. Sadly, good things don't last forever. The free parking benefit and the carpool lane benefit expired on June 30, 2020, according to the terms of the 2012 law that spawned them (Act 168, SLH 2012).

The pendulum started swinging the other way this decade. From January 1, 2020, thanks to Act 280, SLH 2019, electric vehicle owners were slapped with a \$50 surcharge on their annual vehicle registration fees.

The reason for the reversal appears to be economic: the Department of Transportation needs money to repair and construct roads, bridges, highways, and byways. Its primary source of money to do that has been the State Highway Fund, which is fed primarily by the fuel tax. As electric vehicles and other alternative fuel vehicles gain acceptance, however, fewer people buy fuel, and the fuel tax has been slowly drying up.

As the Department of Transportation stated in its justification sheet accompanying this bill:

The Department of Transportation recently completed the Hawaii Road Usage Charge Demonstration Project. One recommendation from the Final Report is to adopt a per-mile road usage charge system to provide a fair and sustainable funding mechanism for the State's road infrastructure. With the increasing fuel efficiency of vehicles and the increasing popularity of alternative fuel vehicles, there is a need to establish a means to pay for road maintenance and improvement that would be fair to all users, is sustainable, and supports the State of Hawaii's energy independence goals.

Are electric vehicles and alternative fuel vehicles to be incentivized for their environmental benefits or surcharged because they aren't generating enough fuel tax revenue to pay for their fair share of transportation maintenance? The State and the public could benefit by having leadership and consistent policy relating to electric vehicles and other zero emission vehicles.

Digested: 3/27/2023

**Big Island Electric Vehicle Association**

hawaiidriveelectric@gmail.com

bigislandev.org



March 28, 2023

**SUPPORT FOR SB1534 SD2 HD2 - RELATING TO THE ROAD USAGE CHARGE PROGRAM**

Dear Chair Yamashita, Vice Chair Kitagawa, and Committee members,

**Big Island EV Association supports SB1534 SD2 HD2, which “Creates a mileage-based road usage charge to replace state motor fuel taxes beginning on July 1, 2025, for electric vehicles. Eliminates \$50 annual state vehicle registration surcharge for electric vehicles. Allows electric vehicles a choice of paying a registration surcharge or a per-mile road usage charge until June 30, 2028. Requires motor vehicle registration application to specify whether the type of fuel for which the vehicle is adapted is electricity. Requires certificates of inspection to state the odometer reading of vehicles. Requires the department of transportation to plan for the deployment of a state mileage-based road user charge program by 2033 and submit a report to the legislature no later than twenty days prior to the convening of the regular session of 2026. Defines electric vehicle. Defines alternative fuel vehicle. Makes an appropriation.”**

A road use fee is necessary. As our vehicle fleet transitions from fossil fuel, it will also be critical to ensure funding for transportation infrastructure maintenance and upkeep. A road usage fee accomplishes this. EVs have been subject to an annual \$50 registration surcharge for a few years. This measure replaces the current fee with an option of a yearly \$50 fee OR a 0.8 cent-per-mile fee until 2028.

We recommend that the date for the complete transition to a road use fee for all passenger vehicles (EVs and non-EVs) be the same - a full transition after five years will simplify the process for the state and standardize the experience for our residents.

Thank you for this opportunity to testify on SB1534 SD2 HD2.

Sincerely,

A handwritten signature in black ink, appearing to read 'Noel Morin', with a long horizontal line extending to the right.

Noel Morin - President

**Big Island Electric Vehicle Association** (bigislandev.org), established in 2011, is a grassroots non-profit group dedicated to accelerating the EV adoption Hawaii Island. Our members are EV owners and supporters.

**SB-1534-HD-2**

Submitted on: 3/28/2023 10:49:41 AM

Testimony for FIN on 3/29/2023 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Steve Parsons	Kauai Climate ACTION Coalition, Small Biz Owner	Support	Written Testimony Only

Comments:

Aloha Trusted Hawaii Lawmakers,

The Kauai CLimate Action Coalition strongly supports bill SB1534! Please keep the Fee at \$50 and the date for the full transition to a road use fee for all passenger vehicles (EVs and non-EVs) be the same to encourage EV adoption.

This bill HELPS Hawaii residents, AND Fights Climate Change by reducing the DEADLY Climate Pollution that is emitted by ICE (Internal Combustion Engines). Hawaii needs to electrify EVERYTHING ASAP, if we hope to slow the deadly onslaught from Climate change. Please ACT Boldly to do everything in your POWER to Electrify EVERYTHING in Hawaii ASAP! Imagine, NO SMOG, NO POISON going into the lungs of our most vulnerable Keiki and Kapuna or destroying native plants and species, NOT contributing to SEA LEVEL RISE AND Acidification of the Ocean that is Killing our coral reefs. Imagine, then ACT and pass this and any other Legislation that accelerates us OFF Fossil Fuel POLLUTION! ! IMUA>>>

Mahalo,

Steve Parsons, Hanapepe Kauai, Kauai Climate Action Coalition, Kauai EV, Uber Driver, Tesla Owners Club Kauai Director, Surfrider Foundation, Realtor with NAR's Green Designation





Email: [communications@ulupono.com](mailto:communications@ulupono.com)

HOUSE COMMITTEE ON FINANCE  
Wednesday, March 29, 2023 — 2:00 p.m.

**Ulupono Initiative supports SB 1534 SD2 HD2, Relating to Transportation.**

Dear Chair Yamashita and Members of the Committee:

My name is Micah Munekata, and I am the Director of Government Affairs at Ulupono Initiative. We are a Hawai'i-focused impact investment firm that strives to improve the quality of life throughout the islands by helping our communities become more resilient and self-sufficient through locally produced food, renewable energy and clean transportation choices, and better management of freshwater resources.

**Ulupono supports SB 1534 SD2 HD2 and offers comments.** This bill creates a mileage-based road usage charge to replace state motor fuel taxes beginning on July 1, 2025, for electric vehicles; eliminates \$50 annual state vehicle registration surcharge for electric vehicles; allows electric vehicles a choice of paying a registration surcharge or a per-mile road usage charge until June 30, 2028; requires motor vehicle registration application to specify whether the type of fuel for which the vehicle is adapted is electricity; requires certificates of inspection to state the odometer reading of vehicles; requires the Department of Transportation to plan for the deployment of a state mileage-based road user charge program by 2033 and submit a report to the legislature before the 2026 regular session.

Ulupono Initiative recognizes the impact of more fuel-efficient vehicles on future fuel tax revenues and the need to maintain funding for road maintenance and improvements. As the Hawai'i Department of Transportation (HDOT) notes in its road user charge (HiRUC) final report, the average light-duty vehicle in the state currently achieves roughly 22 miles per gallon (MPG). As vehicles increasingly become more efficient, drivers will by default consume less gasoline and hence pay less gas tax. In addition, the State does continue to have a significant backlog of deferred maintenance—more than \$560 million/year.<sup>1</sup> Together, these issues certainly suggest that we must explore new funding mechanisms, and a usage charge seems appropriate.

Therefore, Ulupono Initiative is very supportive of a road user charge (RUC) approach, and supports that further planning is needed for a full implementation across all vehicles.

However, we offer the following comments for consideration:

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<sup>1</sup> <https://ulupono.com/media/ingpfb23/final-report-costs-of-vehicle-economy-in-hawaii-03-9-21.pdf>

- 1) We strongly recommend adding in language in Section 2.e stating that “this plan shall also include recommendations on how to ensure any broad implementation continues to account for and incentivize more fuel-efficient vehicles.”

Simply put, a flat RUC does not account for the energy and climate benefits associated with more efficient vehicles. We remain very concerned about the disincentives built into a flat RUC. While this is revenue neutral for the State (which is very important), the structure provides no incentive to drive more fuel-efficient vehicles (including EVs) and reduce our greenhouse gas emissions, like the current incentive that is inherently embedded with the gas tax.

Counter to the spirit of Hawai‘i’s climate goals, this structure will increase the cost to drive for those who currently have more efficient fuel vehicles. Assuming the proposed annual road user charge of \$70 and the vehicle owner drives approximately 9,000 miles per year<sup>2</sup>, vehicles with a fuel economy of 21 MPG will pay an equivalent \$70 in fuel taxes per year. As a result, an owner of a Toyota 4Runner with a fuel economy of 19 MPG will pay 8% less, whereas an owner of a Toyota Corolla with a fuel economy of 38 MPG will pay 84% more. Although both vehicles have the same road usage, there is a disproportionate financial impact on drivers of more fuel-efficient, lower-emission vehicles. **As seen in the appendices of the HiRUC final report, these increased costs will impact all demographics, including rural drivers and low-income drivers who currently have more fuel-efficient vehicles.**

Overall, we fully recognize the potential funding issues that HDOT may be facing in the next decade and are very supportive of transitioning to a RUC, if appropriately structured. We believe that any transition should continue to promote more fuel-efficient vehicles, so that we can accelerate the reduction of our GHG emissions while we progress to a carbon-neutral state.

In addition to the possible transition to a road user charge, Hawai‘i’s transportation system faces climate concerns, cost-of-living pressures, public health crises, and mobility justice. These are incredibly important issues that put the HDOT in a very tough position—thoughtful, evidence-based conversations are necessary to effect progress. HDOT is facing all these issues and more, and the department should not have to undertake these alone. To help support the department as it strives to balance and meet the many high priorities and community needs across Hawai‘i, **we ask this committee to consider reviving the language in SB 1534 SD2 regarding the establishment and duties of the Hawaii Highway Safety and Modernization Council.**

Thank you for the opportunity to testify.

Respectfully,

Micah Munekata  
Director of Government Affairs

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<sup>2</sup> Represents the 2021 state average annual vehicle miles traveled per the Department of Business, Economic Development and Tourism (<https://files.hawaii.gov/dbedt/economic/databook/2021-individual/18/181921.pdf>)



DATE: March 29, 2023  
TIME: 2:00 PM  
PLACE: VIA VIDEOCONFERENCE and Conference Room 312  
BILL: SB 1534, SD2, Relating to Transportation

Aloha Chair Todd, Vice Chair Kila and members of the committee!

On behalf of the Hawai'i Automobile Dealers Association (HADA), we are writing to respectfully **comment** on SB 1534, SD2, HD2, relating to transportation. This bill creates a mileage-based road usage charge to replace state motor fuel taxes beginning on 7/1/2025, for electric vehicles. It eliminates the \$50 annual state vehicle registration surcharge for electric vehicles and allows electric vehicle owners the option to pay a registration surcharge or a per-mile road usage fee until 6/30/2028. It requires certificates of inspection to state the odometer reading of vehicles and requires motor vehicle registration application to specify whether the type of fuel for which the vehicle is adapted is electricity. Further, this bill requires the department of transportation to plan for the deployment of a state mileage-based road user charge program by 2033 and submit a report to the legislature before the 2026 regular session.

HADA supports working collaboratively with policy leaders to ensure that the state's clean energy goals are met. HADA is presently proactively discussing with stakeholders, including state agency leaders, many of the issues addressed in this bill. For example, we have sought to explore the experience of other states and question whether any of them have adopted a road usage charge system? We would look to the Department of Transportation and others to explore whether there are any other options to generate revenue to address the need for road repairs. We ask whether the proposed road usage charge could have a potential negative affect on the rate of EV adoption.

Implementing the road user fees too soon risks costing the state revenue at a time when the majority of vehicles main gas powered. We urge the legislature to consider implementing the fee in a manner that will not undermine funding for road maintenance.

Page Two

We look forward to working with policy leaders to seek the answers to these and many implementation and logistical questions.

HADA seeks to engage with legislators on issues of importance relevant to motor vehicles, our state's clean energy future, and safety. We thank you for the opportunity to testify.

The Hawai'i Automobile Dealers Association is the voice of more than 60 new car dealerships across the islands, accounting for over 4,000 direct jobs, \$6 billion total sales and more than \$250 million in general excise taxes paid.

**SB-1534-HD-2**

Submitted on: 3/28/2023 6:50:17 AM

Testimony for FIN on 3/29/2023 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Barbara Best	Individual	Support	Written Testimony Only

Comments:

Planning for EVs is necessary

**SB-1534-HD-2**

Submitted on: 3/28/2023 8:22:58 AM

Testimony for FIN on 3/29/2023 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Virginia Tincher	Individual	Support	Written Testimony Only

Comments:

Members of the Finance Committee,

Mahalo for this opportunity to testify in SUPPORT of **SB1534 SD2 HD2**

I'm an EV owner and support a road use fee.

As our vehicle fleet transitions away from fossil fuel, it will be critical to ensure funding for transportation infrastructure maintenance and upkeep. A road usage fee accomplishes this.

I support **HD2**, a yearly **\$50 fee** OR a per-mile fee until 2028. The per-mile fee is not specified in SD2. HB1110 HD2, a House bill with similar intentions, pegs the fee at 0.8 cents/mile (\$80 for 10,000 miles). This is a reasonable per-mile fee.

I ask that the date for the full transition to a road use fee for all passenger vehicles (EVs and non-EVs) be the same - a full transition after five years will simplify the process for the state and standardize the experience for our residents. Mahalo,

Virginia Tincher, Oahu

**SB-1534-HD-2**

Submitted on: 3/28/2023 10:20:19 AM

Testimony for FIN on 3/29/2023 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Lorn Douglas	Individual	Support	Written Testimony Only

Comments:

Road tax should be based on mileage as the more one drives the more they use up the roads...

Lorn DOuglas

Lower Puna

**SB-1534-HD-2**

Submitted on: 3/28/2023 11:44:09 AM

Testimony for FIN on 3/29/2023 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Keith Neal	Individual	Support	Written Testimony Only

Comments:

Support for SB1534 SD2 HD2

The proposed electric vehicle \$50 annual state vehicle registration surcharge needs to be dedicated to installing and maintaining public EV charging stations.

Keith Neal

Waimea



**SB-1534-HD-2**

Submitted on: 3/28/2023 11:52:20 AM

Testimony for FIN on 3/29/2023 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Robert Duffer	Individual	Support	Written Testimony Only

Comments:

This is the fairest, most equitable solution. Please move forward on a balance, use based road tax.

**SB-1534-HD-2**

Submitted on: 3/28/2023 3:47:42 PM

Testimony for FIN on 3/29/2023 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Ruth Robison	Individual	Support	Written Testimony Only

Comments:

I support SB1534 SD2 HD2.

A road use fee is necessary. As our vehicle fleet transitions away from fossil fuel, it will be necessary to ensure funding for transportation infrastructure maintenance and upkeep. A road usage fee accomplishes this. EVs have been subject to an annual \$50 registration surcharge for a few years. This measure replaces this with an option of a yearly \$50 fee OR a 0.8 cent per-mile fee until 2028.

I ask that the date for the full transition to a road use fee for all passenger vehicles (EVs and non-EVs) be the same - a full transition after five years will simplify the process for the state and standardize the experience for our residents.. Thank you.

**SB-1534-HD-2**

Submitted on: 3/28/2023 4:17:51 PM

Testimony for FIN on 3/29/2023 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Ruta Jordans	Individual	Support	Written Testimony Only

Comments:

Please support!

**SB-1534-HD-2**

Submitted on: 3/29/2023 10:40:39 AM

Testimony for FIN on 3/29/2023 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Stephanie Hall Morin	Individual	Support	Written Testimony Only

Comments:

Aloha,

A road use fee is necessary. As our vehicle fleet transitions away from fossil fuel, it will be necessary to ensure funding for transportation infrastructure maintenance and upkeep. A road usage fee accomplishes this. EVs have been subject to an annual \$50 registration surcharge for a few years. This measure replaces this with an option of a yearly \$50 fee **OR** a 0.8 cent per-mile fee until 2028.

**I ask that the date for the full transition to a road use fee for all passenger vehicles (EVs and non-EVs) be the same** - a full transition after five years will simplify the process for the state and standardize the experience for our residents.

Stephanie Hall Morin