
A BILL FOR AN ACT

RELATING TO ROAD USAGE CHARGE PROGRAM.

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

1 SECTION 1. The legislature finds that as a means of
2 addressing declining fuel tax revenues, the department of
3 transportation supports the adoption of a per-mile road usage
4 charge to provide fair and sustainable funding for the State's
5 road infrastructure. The legislature further finds that with
6 the existing vehicle inspection program, the State and counties
7 are well-positioned to transition to a per-mile road usage
8 charge with low administrative costs. In 2023, the legislature
9 enacted a small-scale per-mile road usage charge program for
10 electric vehicles. Beginning on July 1, 2025, drivers of
11 electric vehicles will be provided a choice of paying a state
12 road usage charge at a rate of 0.8 cents per mile traveled or
13 paying a flat fee of no more than \$50 per year. This choice
14 will be permitted until June 30, 2028, at which time all
15 electric vehicles will pay a state road usage charge. The
16 number of miles will be calculated based on an odometer reading
17 recorded during the motor vehicle safety inspection. Finally,



1 the legislature required the department of transportation to
2 develop a plan to transition all vehicles in Hawaii to a per-
3 mile road usage charge by 2033. The legislature further finds
4 that, in addition to the state fuel tax, counties rely on their
5 own motor fuel tax to fund the maintenance and repair of county
6 roads and bridges. Like the state fuel tax, the county fuel tax
7 is also declining, leaving counties with less revenue to
8 maintain their roads and bridges. The legislature now finds
9 that counties may wish to begin transitioning to a mileage-based
10 road usage charge as a fair and sustainable replacement for the
11 county motor fuel tax. The legislature finds that permitting
12 counties to do this will result in lower administrative costs
13 for the state and county agencies tasked with implementing the
14 road usage charge and create more efficiency and simplicity for
15 the traveling public as the State begins transitioning to a fair
16 and sustainable source of transportation funding.

17 The purpose of this Act is to:

- 18 (1) Establish a county mileage-based road usage charge for
19 electric vehicles;



- 1 (2) Permit electric vehicle owners to pay a county
- 2 registration surcharge or the county mileage-based
- 3 road usage charge until June 30, 2028;
- 4 (3) Establish a process for the counties to adopt a per-
- 5 mile rate by ordinance; and
- 6 (4) Clarify the use of moneys collected under the state
- 7 and county road usage charges.

8 SECTION 2. Chapter 249, Hawaii Revised Statutes, is
 9 amended by adding three new sections to be appropriately
 10 designated and to read as follows:

11 **"§249-A County mileage-based road usage charge;**
 12 **established.** (a) Beginning July 1, 2025, in addition to all
 13 other fees and taxes levied by this chapter, electric vehicles
 14 shall be subject to a county mileage-based road usage charge.
 15 (b) The county mileage-based road usage charge shall be
 16 calculated by the director of finance at the rate established
 17 under section 249-B, multiplied by the number of miles traveled,
 18 less the estimated amount of paid county motor fuel taxes that
 19 correspond with the number of miles traveled, as shall be
 20 determined by the administrative rulemaking process. The number
 21 of miles traveled shall be calculated as the difference between



1 the vehicle's two most recent odometer readings, as noted on the
2 vehicle's certificate of inspection issued pursuant to section
3 286-26(e). The county mileage-based road usage charge shall be
4 no less than \$0 and, until June 30, 2028, no more than \$50 per
5 year.

6 (c) If a county establishes a mileage-based road usage
7 charge pursuant to section 249-B, for the first registration
8 renewal of new motor vehicles for which no certificate of
9 inspection is required, the county mileage-based road usage
10 charge assessed shall be \$50, which shall be subtracted from the
11 calculation of the county mileage-based road usage charge upon
12 that vehicle's second registration renewal.

13 (d) The county mileage-based road usage charge shall be
14 paid each year following the vehicle's most recent inspection
15 together with all other taxes and fees levied by this chapter on
16 a staggered basis as established by each county as authorized by
17 section 286-51 to ensure that the county mileage-based road
18 usage charge is due and payable at the same time and shall be
19 collected together with the county registration fee. The county
20 mileage-based road usage charge shall be deemed delinquent if
21 not paid with the county registration fee.



1 (e) Not withstanding subsection (a), all electric vehicles
2 registered in the State that qualify for an exemption under
3 sections 249-4, 249-5.5, 249-6, or 249-6.5 shall be exempt from
4 this section.

5 (f) Until June 30, 2028, owners of electric vehicles shall
6 be offered a choice to pay a \$50 registration surcharge in lieu
7 of the county mileage-based road usage charge; provided that if
8 an owner of an electric vehicle has opted to pay a \$50
9 registration surcharge in lieu of the state mileage-based road
10 usage charge established pursuant to section 249-36, counties
11 shall charge the owner of the electric vehicle the \$50
12 registration surcharge in lieu of the county mileage-based road
13 usage charge.

14 (g) Each county may adopt rules pursuant to chapter 91 for
15 establishing and administering the county mileage-based road
16 usage charge.

17 (h) For the purposes of this section, "electric vehicle"
18 has the same meaning as defined in section 249-36.

19 **§249-B County mileage-based road usage charge; rate;**
20 **establishment.** (a) Each county shall establish the rate to be
21 used to calculate the amount of that county's mileage-based road



1 usage charge in the manner provided for ordinances involving the
2 expenditure of public funds; provided that until such rate is
3 established, the county mileage-based road usage charge for each
4 county shall be zero.

5 (b) No ordinance establishing the rate for a county
6 mileage-based road usage charge shall be adopted until a public
7 hearing on the proposed rate for the county mileage-based road
8 usage charge has been held. Public notice of the hearing shall
9 be given at least twice within the thirty day period immediately
10 preceding the date of the hearing. The rate for the county
11 mileage-based road usage charge shall take effect on the first
12 day of the second month following the adoption of an ordinance
13 establishing a county mileage-based road usage charge.

14 (c) Each county may establish a per mile rate for a county
15 mileage-based road usage charge that is:

16 (1) One or more cents, a fraction of a cent, or both; or

17 (2) Zero.

18 **§249-C County mileage-based road usage charge; collection;**
19 **disposition.** The county mileage-based road usage charge for
20 each county shall be collected by the respective county and
21 deposited into the respective county highway fund established



1 pursuant to section 249-18; provided that amounts collected in
2 the county of Maui on vehicle miles traveled on the island of
3 Lanai shall be used solely for expenditures on the island of
4 Lanai; provided further that the amounts collected in the county
5 of Maui on vehicle miles traveled on the island of Molokai shall
6 be used solely for expenditures on the island of Molokai."

7 SECTION 3. Section 248-9, Hawaii Revised Statutes, is
8 amended to read as follows:

9 "**§248-9 State highway fund.** (a) Moneys in the state
10 highway fund may be expended for the following purposes:

11 (1) To pay the costs of operation, maintenance, and repair
12 of the state highway system, including without
13 limitation, the cost of equipment and general
14 administrative overhead;

15 (2) To pay the costs of acquisition, including real
16 property and interests therein; planning; designing;
17 construction; and reconstruction of the state highway
18 system and bikeways, including without limitation, the
19 cost of equipment and general administrative overhead;

20 (3) To reimburse the general fund for interest on and
21 principal of general obligation bonds issued to



1 finance highway projects where the bonds are
2 designated to be reimbursable out of the state highway
3 fund;

4 (4) To pay the costs of construction, maintenance, and
5 repair of county roads; provided that none of the
6 funds expended on a county road or program shall be
7 federal funds when expenditure would cause a violation
8 of federal law or a federal grant agreement; [~~and~~]

9 (5) To pay the costs of establishing and maintaining a
10 drug and alcohol toxicology testing laboratory that is
11 intended to support the prosecution of offenses
12 relating to operation of a motor vehicle while under
13 the influence of an intoxicant[~~-~~]; and

14 (6) For purposes and functions connected with traffic
15 control and preservation of safety upon the public
16 highways and streets.

17 (b) At any time, the director of transportation may
18 transfer from the state highway fund all or any portion of
19 available moneys determined by the director of transportation to
20 exceed one hundred thirty-five per cent of the requirements for
21 the ensuing twelve months for the state highway fund as



1 permitted by and in accordance with section 37-53. For purposes
2 of the determination, the director of transportation shall take
3 into consideration:

4 (1) The amount of federal funds and bond funds on deposit
5 in, and budgeted to be expended from, the state
6 highway fund during the period;

7 (2) Amounts on deposit in the state highway fund that are
8 encumbered or otherwise obligated;

9 (3) Budgeted amounts payable from the state highway fund
10 during the period;

11 (4) Revenues anticipated to be received by and
12 expenditures to be made from the state highway fund
13 during the period based on existing agreements and
14 other information for the ensuing twelve months; and

15 (5) Any other factors as the director of transportation
16 shall deem appropriate.

17 ~~[(c) The department of transportation shall establish~~
18 ~~county subaccounts within the state highway fund.~~

19 ~~Notwithstanding subsections (a) and (b), funds in each county~~
20 ~~subaccount shall be expended for state highway road capacity~~
21 ~~projects in the respective county.~~



1 ~~For purposes of this subsection, "state highway road~~
2 ~~capacity project" means construction:~~

3 ~~(1) Of a new road;~~

4 ~~(2) To widen or add additional lanes to an existing road;~~

5 ~~or~~

6 ~~(3) That increases the number of vehicles that may be~~
7 ~~driven on an island and alleviates the level of~~
8 ~~traffic congestion on existing roads of that island,~~
9 ~~and any planning, design, or right-of-way acquisition related to~~
10 ~~the construction.]"~~

11 SECTION 4. Section 249-18, Hawaii Revised Statutes, is
12 amended to read as follows:

13 "**§249-18 Highway fund.** All taxes, fees, or charges
14 collected under this chapter, except those collected pursuant to
15 sections 249-14 and 249-14.5[7] and the state mileage-based road
16 usage charge established under 249-36, shall be deposited in a
17 county fund to be known as the "highway fund" and shall be
18 expended in the county in which the taxes, fees, or charges are
19 collected for the following purposes:

- 20 (1) For acquisition, designing, construction, improvement,
21 repair, and maintenance of public roads and highways,



- 1 including without restriction of the foregoing
2 purposes, costs of new land therefor, of permanent
3 storm drains or new bridges, as well as repairs or
4 additions to storm drains or bridges;
- 5 (2) For installation, maintenance, and repair of street
6 lights and power, and other charges for street
7 lighting purposes, including replacement of old street
8 lights, on county maintained public roads and
9 highways;
- 10 (3) For purposes and functions connected with traffic
11 control and preservation of safety upon the public
12 highways and streets;
- 13 (4) For payment of interest on and redemption of bonds
14 issued to finance highway and street construction and
15 improvements;
- 16 (5) In the case of the city and county of Honolulu, for
17 appropriation for the police department up to the sum
18 of \$500,000. No expenditures shall be made out of
19 this fund [~~which~~] that will jeopardize federal aid for
20 highway construction;



1 (6) For purposes and functions connected with mass
2 transit; and

3 (7) For the acquisition, design, construction,
4 improvement, repair, and maintenance of bikeways[-]
5 and pedestrian walkways."

6 SECTION 5. Section 249-36, Hawaii Revised Statutes, is
7 amended by amending subsection (a) to read as follows:

8 "(a) Beginning July 1, 2025, in addition to all other fees
9 and taxes levied by this chapter, electric vehicles shall be
10 subject to a state mileage-based road usage charge. The state
11 mileage-based road usage charge shall be calculated by the
12 county director of finance at the rate of 0.8 cents per mile
13 traveled, multiplied by the number of miles traveled, less the
14 estimated amount of paid state fuel taxes that correspond with
15 the number of miles traveled. The department shall adopt rules
16 pursuant to chapter 91 to determine the method for calculating
17 the estimated amount of paid state fuel taxes that correspond
18 with the number of miles traveled. The number of miles traveled
19 shall be calculated as the difference between the vehicle's two
20 most recent odometer readings, as noted on the vehicle's
21 certificate of inspection pursuant to section 286-26(e). The



1 state mileage-based road usage charge shall be not less than \$0,
2 and, until June 30, 2028, the state [~~mileage-based~~] mileage-
3 based road usage charge shall be [~~not~~] no more than \$50 per
4 year. For the first registration renewal of new motor vehicles
5 for which no certificate of inspection is required, the state
6 mileage-based road usage charge assessed shall be \$50, and
7 [~~such~~] the amount once paid shall be subtracted from the
8 calculation of the state mileage-based road usage charge upon
9 that vehicle's second registration renewal."

10 SECTION 6. In codifying the new sections added by
11 section 2 of this Act, the revisor of statutes shall substitute
12 appropriate section numbers for the letters used in designating
13 and referring to the new sections in this Act.

14 SECTION 7. Statutory material to be repealed is bracketed
15 and stricken. New statutory material is underscored.

16 SECTION 8. This Act shall take effect on July 1, 3000.



Report Title:

Department of Transportation; Electric Vehicles; State
Mileage-Based Road User Fee; County Mileage-Based Road User Fee

Description:

Establishes a county mileage-based road usage charge for electric vehicles. Clarifies the collection and disposition of funds of the state and county mileage-based road usage charges. Establishes the maximum state mileage-based road usage charge at \$50 until 6/30/2028. Effective 7/1/3000. (HD1)

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