

JOSH GREEN, M.D.
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KE KIA'ĀINA



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DREANALEE K. KALILI
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STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAII'
DEPARTMENT OF TRANSPORTATION | KA 'OIHANA ALAKAU
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097

IN REPLY REFER TO:

February 13, 2024
3:05 p.m.
State Capitol, Conference Room 224 & Videoconference

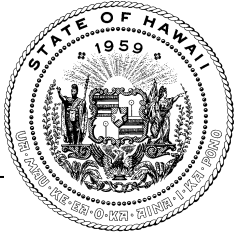
S.B. 3183
RELATING TO TRANSPORTATION

Senate Committee on Transportation and Culture and the Arts

The Hawaii Department of Transportation (HDOT) **supports** this bill that authorizes counties to enact a county mileage-based road usage charge (RUC) for electric vehicles (EV), allowing electric vehicle owners to pay a county registration surcharge or a per-mile county road usage charge until June 30, 2028; provides a process by which counties adopt a per-mile rate by county or city resolution; directs moneys from collection of a county road usage charge for use in the county in which the county road usage charge is collected; and repeals the cap on the state RUC.

Last year, the Hawaii Legislature passed legislation establishing the country's fourth road usage charge program, setting Hawaii on a path to ensure sustainable and equitable transportation revenue for the State DOT to provide a safe, efficient, sustainable, and accessible transportation system well into the future. As we begin implementation of the state RUC, HDOT recommends counties have the ability to enact a county RUC of their own as a long-term replacement for the county fuel tax. Providing this authority allows the counties to enact their RUC, potentially in conjunction with the State rollout, providing efficiency for government agencies, and consistency for residents of Hawaii.

Thank you for the opportunity to provide testimony.



HAWAII STATE ENERGY OFFICE STATE OF HAWAII

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Testimony of
MARK B. GLICK, Chief Energy Officer

before the
SENATE COMMITTEE ON TRANSPORTATION AND CULTURE AND THE ARTS

Tuesday, February 13, 2024
3:05 PM
State Capitol, Conference Room 224 and Videoconference

In Support of
SB 3183

RELATING TO ROAD USAGE CHARGE PROGRAM.

Chair Lee, Vice Chair Inouye, and members of the Committee, the Hawai'i State Energy Office (HSEO) supports SB 3183 which provides authority for a county to impose a mileage-based road usage charge, provides for disposition of funds of county mileage-based road usage charge, clarifies the disposition of funds of state mileage-based road usage charge, and repeals the maximum amount a driver will pay in a mileage-based road usage charge on June 30, 2028.

HSEO's comments are guided by our statutory mission to promote energy efficiency, renewable energy, and clean transportation as laid out in HRS §196-71 and the specific duties of the Chief Energy Officer pursuant to §196-72 relating to clean transportation as well as the interface of clean transportation in the overall energy ecosystem.

Securing sustainable funding for roadway maintenance is crucial to Hawai'i's economy and the safety of those using the roadways. The Legislature required the Hawai'i Department of Transportation to develop a plan to transition all vehicles in Hawai'i to a per mile road usage charge by 2033. Transitioning from the motor fuel taxes to a per-mile road usage charge is proposed to promote fairness and guarantee a continual and equitable source of funding for highway maintenance as the state works towards decarbonizing ground transportation.

HSEO stands ready to collaborate with the Department of Transportation and counties to achieve the State's decarbonization policy objectives and transition to a sustainable funding framework for an evolving transportation system. We believe the extension of the mileage-based road usage charge program from the state to the county level is a logical progression that ensures financial sustainability and administrative efficiency.

Thank you for the opportunity to testify.



Testimony of the Oahu Metropolitan Planning Organization

COMMITTEE ON TRANSPORTATION AND CULTURE AND THE ARTS

**Tuesday, February 13, 2024, 3:05 PM
CR 224 & Videoconference**

**SB3183
RELATING TO ROAD USAGE CHARGE PROGRAM**

Dear Chair Lee, Vice Chair Inouye, and Committee Members,

The Oahu Metropolitan Planning Organization (OahuMPO) **supports SB3183 with a recommendation.**

This measure is consistent with several goals of the Oahu Regional Transportation Plan including preserving and maintaining the transportation system, promoting an equitable transportation system, and protecting the environment.

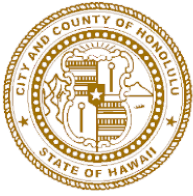
The fuel tax is currently the primary source of transportation funding used to build and maintain the roadways. However, it has not kept up with inflation and improved vehicle fuel economy, so the gap between needs and revenue continues to grow. A per-mile road usage charge offers a stable source of funding that is aligned with the State's clean energy goals as it is not based on fuel consumption or impacted by alternative fuels.

The OahuMPO would like to offer the following recommendation to further improve the bill, and make it more equitable to all users of the transportation system:

- Section 3(7) currently reads: "*For the acquisition, design, construction, improvement, repair, and maintenance of bikeways.*" We recommend adding the words "*and walkways*" at the end of the sentence. This would allow the State and county to explicitly use this funding source to build accessible pedestrian infrastructure that supports walking and rolling (e.g., wheelchairs, etc.).

The OahuMPO is the federally designated Metropolitan Planning Organization (MPO) on the island of Oahu responsible for carrying out a multimodal transportation planning process, including the development of a long-range (25-year horizon) metropolitan transportation plan, referred to as the Oahu Regional Transportation Plan (ORTP) that encourages and promotes a safe and efficient transportation system to serve the mobility needs of people and freight (including walkways, bicycles, and transit), fosters economic growth and development, and takes into consideration resiliency needs, while minimizing fuel consumption and air pollution ([23 CFR 450.300](#)).

Mahalo for the opportunity to provide testimony on this measure.



HONOLULU CITY COUNCIL

KE KANIHELA O KE KALANA O HONOLULU

530 S. KING ST. STE. 202, HONOLULU, HI 96813

TYLER DOS SANTOS-TAM
HONOLULU CITY COUNCIL
DISTRICT VI
TELEPHONE: (808) 768-5006
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EMAIL: tdossantos-tam@honolulu.gov

February 12, 2024

The Honorable Chris Lee, Chair
The Honorable Lorraine R. Inouye, Vice Chair
and members
Committee on Transportation and Culture and the Arts
Hawai'i State Senate
415 South Beretania Street, Room 224
Honolulu, Hawai'i 96813

LATE

RE: Support for SB3183, Relating to Road Usage Charge Program

Dear Chair Lee, Vice Chair Inouye, and Members:

Last year, the State Legislature enacted the country's fourth road usage (RUC) program, designed to be a long-term, sustainable replacement for the fuel tax, which has been trending downward for years as more fuel efficient and fully-electric vehicles are adopted by the public. Each of the four counties rely on our own county fuel tax to fund the maintenance and repair of county roads and bridges; our fuel tax revenues have also been on a similar downward trend. As a result, counties also need to begin identifying new sources of sustainable revenue for the future, on par with the State's efforts. A county road usage charge, as proposed by SB3183, is one of them.

As Chair of the Honolulu City Council's Transportation Committee, I know that declining county fuel tax revenue is hitting our county the hardest. Gasoline consumption in Honolulu peaked in 2017 and has declined 15% since then. While this is good for our environment, it has resulted in a significant reduction in fuel tax revenue. Moreover, Honolulu, with the largest population and most vehicles of all the counties, accounts for 76% of the electric vehicles in the entire state — none of which are paying anything in fuel tax.¹ Between expected improvements in vehicle fuel economy per the U.S. Energy Information Administration and meeting EV adoption targets that put us on a pathway to 100% of new sales being zero emission vehicles by 2045, we can expect gasoline consumption to decline another 25% by 2030 and as much as 50% by 2035.

The precipitous decline in revenue from state and county fuel taxes is placing a growing burden on our ability to take care of our roads and bridges. Allowing counties to enact a RUC as a replacement to the fuel tax allows counties to chart a path to sustainable transportation funding and ensure county roads and bridges are adequately maintained. Moreover, because collection of the state road usage charge will occur at county motor vehicle offices, allowing counties to enact a county RUC simultaneously offers the opportunity to make implementation and collection of the road usage charge more efficient and provide drivers with a more seamless experience.

Whether built and maintained by the State or the County, all of our residents rely on safe and efficient roads and bridges to get around our island home. As we begin our transition to clean energy, we need to ensure that transportation funding keeps up with evolving technology. Permitting the counties to enact a RUC alongside the state allows us to do both. I urge your support of this legislation and would be pleased to answer any questions.

Me ka mahalo,

Tyler Dos Santos-Tam
Councilmember, District 6

¹ See January DBEDT Monthly Energy Trend Report, <https://dbedt.hawaii.gov/economic/energy-trends-2/>

COUNTY COUNCIL

Mel Rapozo, Chair
KipuKai Kualii, Vice Chair
Addison Bulosan
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Felicia Cowden
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OFFICE OF THE COUNTY CLERK

Jade K. Fountain-Tanigawa, County Clerk
Lyndon M. Yoshioka, Deputy County Clerk

Telephone: (808) 241-4188
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Email: cokcouncil@kauai.gov

Council Services Division
4396 Rice Street, Suite 209
Lihu'e, Kaua'i, Hawaii 96766

February 13, 2024

LATE

**TESTIMONY OF ADDISON BULOSAN
COUNCILMEMBER, KAUAI COUNTY COUNCIL
ON
SB 3183, RELATING TO ROAD USAGE CHARGE PROGRAM
Senate Committee on Transportation and Culture and the Arts
Tuesday, February 13, 2024
3:05 p.m.
Conference Room 224
Via Videoconference**

Dear Chair Lee and Members of the Committee:

Thank you for this opportunity to provide testimony in SUPPORT of SB 3183, Relating to Road Usage Charge Program. My testimony is submitted in my individual capacity as a member of the Kaua'i County Council.

I wholeheartedly support the intent of SB 3183, which would greatly affect the Kaua'i community.

Thank you again for this opportunity to provide testimony in support of SB 3183. Should you have any questions, please feel free to contact me or Council Services Staff at (808) 241-4188 or via email to cokcouncil@kauai.gov.

Sincerely,

ADDISON BULOSAN
Councilmember, Kaua'i County Council

AAO:slr



Email: communications@ulupono.com

SENATE COMMITTEE ON TRANSPORTATION & CULTURE & THE ARTS
Tuesday, February 13, 2024 — 3:05 p.m.

Ulupono Initiative supports SB 3183, Relating to Road Usage Charge Program.

Dear Chair Lee 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 3183 and offers comments. This bill provides authority for a county to impose a mileage-based road usage charge; provides for disposition of funds of county mileage-based road usage charge; clarifies the disposition of funds of state mileage-based road usage charge; and, repeals the maximum amount a driver will pay in a mileage-based road usage charge on June 30, 2028.

As the state transitions towards its road user charge, we believe that the counties should have the same opportunity. It will help provide harmonization across transportation taxes and help support the overall transition to a road user charge.

However, to ensure that the funding can support the entire multimodal system, we recommend broadening Section 3 to also include the ability to fund much-needed sidewalks. Specifically, we suggest that Section 3 of §249-18 Highway fund (7) be amended to “For the acquisition, design, construction, improvement, repair, and maintenance of pedestrian facilities and bikeways.”¹

We further recommend that Section 3 of §249-18 and its funding flexibility also be replicated in §248-9 State highway fund. This is because §248-9 appears to provide a narrower set of funding circumstances for all transportation agencies in the state, whereas Section 3 of §249-18 gives the State more flexibility to deploy funds and community solutions. Similarly, we recommend striking the restrictions on the county sub-accounts in §248-9 State highway fund, (c), that appear to limit county expenditures to roadway capacity projects.²

Thank you for the opportunity to testify.

Respectfully,

Micah Munekata
Director of Government Affairs

¹ https://www.capitol.hawaii.gov/hrscurrent/Vol04_Ch0201-0257/HRS0249/HRS_0249-0018.htm

² https://www.capitol.hawaii.gov/hrscurrent/Vol04_Ch0201-0257/HRS0248/HRS_0248-0009.htm

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 305

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: MOTOR VEHICLE; Electric Vehicles; State Mileage-Based Road User Fee; County Mileage-Based Road User Fee

BILL NUMBER: SB 3183, HB 2494

INTRODUCED BY: SB by KOUCHI; HB by SAIKI (Governor's Package)

EXECUTIVE SUMMARY: Provides authority for a county to impose a mileage-based road usage charge. Provides for disposition of funds of county mileage-based road usage charge. Clarifies the disposition of funds of state mileage-based road usage charge. Repeals the maximum amount a driver will pay in a mileage-based road usage charge on June 30, 2028.

SYNOPSIS: Adds three new sections to chapter 249, HRS.

Provides that electric vehicles shall be subject to a county mileage-based road usage charge. Until June 30, 2028, that charge will be no more than \$50 per year. The mileage charged will be determined by odometer readings that are taken during the annual safety check process. The charges will be deposited in the highway fund and will be spent in the counties from which the fees came.

The amount of the county road usage charge will be determined by each county through adoption of an appropriate resolution following a public hearing.

EFFECTIVE DATE: July 1, 2024.

STAFF COMMENTS: This is an Administration bill sponsored by the Department of Transportation and designated TRN-06 (24).

Act 222, SLH 2023, authorizes a program called HiRUC that has been in the works for a few years now. That act applies a state mileage-based road usage charge to electric vehicles, supposedly in lieu of the fuel tax that such vehicles are not paying.

Because the counties also impose fuel taxes and they also face the problem of having to maintain the highways and byways with more vehicles that are on the roads but that are not burning fossil fuel, this bill is a logical add-on to HiRUC.

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), although the Department of Transportation continued the carpool lane benefit administratively.

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.

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: 2/10/2024



DATE: February 13, 2024
TIME: 3:05 PM
PLACE: VIA VIDEOCONFERENCE and Conference Room 224
BILL: SB 3183 Relating to Road Usage Charge Program

Aloha Chair Lee, Vice Chair Inouye and members of the committee,

On behalf of the Hawai'i Automobile Dealers Association (HADA), we are writing to respectfully **oppose** on SB 3183, relating to road usage charge program. This bill provides authority for a county to impose a mileage-based road usage charge, provides for disposition of funds of county mileage-based road usage charge, clarifies the disposition of funds of state mileage-based road usage charge and repeals the maximum amount a driver will pay in a mileage-based road usage charge on June 30, 2028.

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. We have asked whether the proposed road usage charge could have a potential negative affect on the rate of EV adoption. Having an uneven application of the road usage charge would further complicate the case for adopting EVs and we believe it would not enhance achieving the state's energy efficiency goals. We urge the legislature to consider implementing the fee in a manner that will not undermine funding for road maintenance. 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-3183

Submitted on: 2/11/2024 10:26:32 PM

Testimony for TCA on 2/13/2024 3:05:00 PM

Submitted By	Organization	Testifier Position	Testify
Richard Hoapili	Individual	Oppose	Written Testimony Only

Comments:

WE HAVE THE HIGHEST TAXES IN THE ENTIRE NATION ALREADY AND NOW YOU FOLKS WANT TO TAX US ON TOP OF TAXING US EVEN MORE TO DRIVE ON THE ROAD THAT WE PAY FOR AND GOT TAXED ON THAT ALSO ONE MORE TIME. ITS REALLY SAD OUR HAWAII IS NOT THE HAWAII WE REMEMBER GREED HAS REALLY TAKEN OVER THESE DAYS

SB-3183

Submitted on: 2/11/2024 4:25:42 PM

Testimony for TCA on 2/13/2024 3:05:00 PM

Submitted By	Organization	Testifier Position	Testify
TIM REIMER	Individual	Oppose	Written Testimony Only

Comments:

This bill, is ridiculous, people are being charged so much for everything and Legislators keep thinking of more ways to take our money. Why, are you guys, so greedy ? You make 100,000 to 200,000 plus and some of us only make 36,000 or less. Kupuna are becoming homeless, some make in the range of 1000 to 2000 per month , their medication might be close to 800 so every month they do without, food ,medication or paying rent...I, vote no, on this no mercy bill ...Start giving back to Hawaii, you might sleep better! You, might be in their position soon,,🙏

SB-3183

Submitted on: 2/12/2024 9:19:14 AM

Testimony for TCA on 2/13/2024 3:05:00 PM

Submitted By	Organization	Testifier Position	Testify
Michael Ferreira	Individual	Oppose	Written Testimony Only

Comments:

Aloha,

Only 4% of the vehicles on the road are electric. Since a large rental car agency just sold off their electric fleet it is unlikely that the percentage of these vehicles will increase. Further, there is a population of ICE (Internal combustion engine) cars that come from the lower income outlying areas that may be ill afforded to pay this. Since it is a solution to recapture fuel taxes from cars that are electric, it should be limited to electric cars. Further, Federal gas taxes will not go away which make up the lion's share of the gasoline taxes anyway and will involve an administrative requirement to collect these taxes.

Registration of a car, weight taxes and other fees are already the highest in the nation. Much like other states where registration fees go down over time, hawaii's weight tax still stays prohibitively high, There is no amnesty for those who fall into a financial crisis and cars end up abandoned as people decide to use that money to buy a newer car. This is a burdon on all drivers when just 4% are getting out of paying thegasoline tax. Oppose.

Michael Ferreira

Makakilo