

JAN 25 2023

A BILL FOR AN ACT

RELATING TO THE ROAD USAGE CHARGE PROGRAM.

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

1 SECTION 1. The legislature finds that, as fuel tax
2 revenues decrease, the department of transportation has
3 recommended the adoption of a per-mile road usage charge to
4 provide fair and sustainable funding for the State's road
5 infrastructure. The legislature further finds that with its
6 existing vehicle inspection program, Hawaii is well-positioned
7 to transition to a per-mile road usage charge system with low
8 administrative costs. In 2019, the legislature enacted an
9 annual registration surcharge on electric vehicles to account
10 for their road usage. The legislature now finds that replacing
11 the existing annual \$50 registration surcharge on electric
12 vehicles with a mileage-based road usage charge for electric
13 vehicles is a first step in the eventual statewide transition to
14 a per-mile road usage charge for all vehicles, which will serve
15 as a replacement of the state motor fuel tax with all vehicles
16 paying the per-mile road usage charge. With the increase in
17 public support for fuel-efficient electric and alternative fuel
18 vehicles, the shift to a charge based on road usage is fair to

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1 all drivers within the State and ensures that the owners of all
2 vehicles including alternative fuel vehicles pay a fair share of
3 Hawaii's roadway maintenance costs. To implement a per-mile
4 road usage charge program, the legislature further finds that a
5 long-term implementation plan would aid in the deployment and
6 eventual inclusion of all passenger vehicles and light duty
7 trucks.

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

11 "§249-A State mileage-based road usage charge. (a)
12 Beginning July 1, 2025, in addition to all other fees and taxes
13 levied by this chapter, vehicles defined in subsection (c) shall
14 be subject to a state mileage-based road usage charge. The
15 state mileage-based road usage charge shall be calculated by the
16 county director of finance at the rate of 0.8 cents per mile
17 traveled, multiplied by the number of miles traveled, less the
18 estimated amount of paid state motor fuel taxes that correspond
19 with the number of miles traveled. This estimate shall be
20 determined by departmental administrative rulemaking process.
21 The number of miles traveled shall be calculated as the
22 difference between the vehicle's two most recent odometer

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1 readings, as noted on the vehicle's certificate of inspection
2 pursuant to section 286-26(e). The state mileage-based road
3 usage charge shall not be less than zero dollars. For the first
4 registration renewal of new motor vehicles for which no
5 certificate of inspection is required, the state mileage-based
6 road usage charge assessed shall be \$70, and such amount once
7 paid shall be subtracted from the calculation of the state
8 mileage-based road usage charge upon that vehicle's second
9 registration renewal.

10 (b) The state mileage-based road usage charge shall be
11 paid each year following the vehicle's most recent inspection
12 together with all other taxes and fees levied by this chapter on
13 a staggered basis as established by each county as authorized by
14 section 286-51, and the state mileage-based road usage charge
15 shall likewise be staggered so that the state mileage-based road
16 usage charge is due and payable at the same time and shall be
17 collected together with the county registration fee. The state
18 mileage-based road usage charge shall be deemed delinquent if
19 not paid with the county registration fee. The respective
20 counties shall collect this road usage charge together with the
21 vehicle registration tax collected for the county and shall
22 transfer the moneys collected under this section to the state

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1 director of finance for deposit into the state highway fund
2 established under section 248-8.

3 (c) Vehicles subject to the state mileage-based road usage
4 charge defined in subsection (a) shall include all electric
5 vehicles in the State except for vehicles that qualify for any
6 of the exemptions in sections 249-4, 249-5.5, 249-6, and 249-
7 6.5. For the purposes of this section, "electric vehicle" means
8 a vehicle, with four or more wheels, a gross vehicle weight
9 rating less than or equal to ten thousand pounds, and the
10 capability to operate legally at a speed of more than thirty-
11 five miles per hour, that draws propulsion energy exclusively
12 from a battery that can be recharged from an external source of
13 electricity.

14 (d) Until June 30, 2028, owners of electric vehicles as
15 defined in subsection (c) shall be offered a choice to pay a \$70
16 registration surcharge in lieu of the state mileage-based road
17 usage charge.

18 (e) The department of transportation shall develop a long-
19 term mileage-based road usage charge implementation plan that
20 includes findings, recommendations, implementation phase
21 schedules, and proposed legislation for deployment of a state
22 mileage-based road usage charge program to encompass all

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1 passenger vehicles and light duty trucks by December 31, 2033.
2 This plan shall also include recommendations on how to ensure
3 compatibility with deployment of mileage-based road usage charge
4 by any county. This plan shall be completed and submitted to
5 the legislature no later than twenty days prior to the convening
6 of the regular session of 2026.

7 (f) Pursuant to its rulemaking authority, the department
8 of transportation shall develop rules for establishing and
9 administering the state mileage-based road usage charge."

10 SECTION 3. Section 249-31, Hawaii Revised Statutes, is
11 amended by amending subsection (a) to read as follows:

12 "(a) All vehicles and motor vehicles in the State as
13 defined in section 249-1, including antique motor vehicles,
14 except as otherwise provided in sections 249-4, 249-6, and
15 249-31.5, shall be subject to a \$45 annual vehicle registration
16 fee; provided that [~~electric vehicles and~~] alternative fuel
17 vehicles shall pay an annual vehicle registration surcharge
18 [~~fee~~] of \$50, which shall be assessed and collected beginning
19 with the first registration renewal for every [~~electric vehicle~~
20 ~~and~~] alternative fuel vehicle and shall be deposited into the
21 state highway fund established under section 248-8. The [~~fee~~]
22 surcharge shall be paid each year together with all other taxes

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1 and fees levied by this chapter on a staggered basis as
2 established by each county as authorized by section 286-51, and
3 the state registration for that county shall likewise be
4 staggered so that the state registration fee is due and payable
5 at the same time and shall be collected together with the county
6 fee. The state registration fee shall be deemed delinquent if
7 not paid with the county registration fee. The respective
8 counties shall collect this fee together with the vehicle
9 registration tax collected for the county and shall transfer the
10 moneys collected under this section to the State.

11 For the purposes of this section, "alternative fuel
12 vehicle" means a vehicle equipped to be powered by a non-
13 petroleum-based fuel, but excludes an electric vehicle as
14 defined in section 249-A (c)."

15 SECTION 4. Section 286-26, Hawaii Revised Statutes, is
16 amended by amending subsection (e) to read as follows:

17 "(e) Upon application for a certificate of inspection to
18 be issued for a vehicle or moped, an inspection as prescribed by
19 the director under subsection (g) shall be conducted on the
20 vehicle or moped, and if the vehicle or moped is found to be in
21 a safe operating condition, a certificate of inspection shall be
22 issued upon payment of a fee to be determined by the director.

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1 The certificate shall state the effective date, the termination
2 date, the name of the issuing insurance carrier, [and] the
3 policy number of the motor vehicle insurance identification card
4 for the inspected motor vehicle as specified by section 431:10C-
5 107 or state the information contained in the proof of insurance
6 card as specified by section 431:10G-106[-], and the odometer
7 reading of the vehicle on the date of inspection. A sticker,
8 authorized by the director, shall be affixed to the vehicle or
9 moped at the time a certificate of inspection is issued. An
10 inspection sticker [~~which~~] that has been lost, stolen, or
11 destroyed shall be replaced without reinspection by the
12 inspection station that issued the original inspection sticker
13 upon presentation of the current certificate of inspection;
14 provided that the current certificate of inspection and
15 inspection sticker shall not have expired at the time the
16 replacement is requested. The director shall adopt rules to
17 determine the fee for replacement of lost, stolen, or destroyed
18 inspection stickers."

19 SECTION 5. Section 286-41, Hawaii Revised Statutes, is
20 amended by amending subsection (b) to read as follows:

21 "(b) Application for the registration of a vehicle shall
22 be made upon the appropriate form furnished by the director of

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1 finance and shall contain the name, occupation, and address of
2 the owner and legal owner; and, if the applicant is a member of
3 the United States naval or military forces, the applicant shall
4 give the organization and station. All applications shall also
5 contain a description of the vehicle, including: the name of the
6 maker; the type of fuel for the use of which it is adapted, such
7 as gasoline, diesel oil, liquefied petroleum gas[+], or battery
8 electricity; the serial or motor number; the date first sold by
9 the manufacturer or dealer; a further description of the vehicle
10 as is called for in the form; and other information as may be
11 required by the director of finance, to establish legal
12 ownership. A person applying for initial registration of a
13 neighborhood electric vehicle shall certify in writing that a
14 notice of the operational restrictions applying to the vehicle
15 as provided in section 291C-134 are contained on a permanent
16 notice attached to or painted on the vehicle in a location that
17 is in clear view of the driver."

18 SECTION 6. There is appropriated out of the state highway
19 revenue bond funds, the sum of \$3,000,000 or so much thereof as
20 may be necessary for fiscal year 2023-2024 that will be used
21 with available federal funds, for the initial implementation of

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1 the state mileage-based road user charge beginning with electric
2 vehicles.

3 The sum appropriated shall be expended by the highways
4 division of the department of transportation for the purposes of
5 this Act.

6 SECTION 7. In codifying the new section added by section 2
7 and referenced in section 3 of this Act, the revisor of statutes
8 shall substitute an appropriate section number for the letter
9 used in designating the new section in this Act.

10

11 SECTION 8. Statutory material to be repealed is bracketed
12 and stricken. New statutory material is underscored.

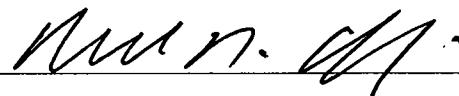
13 SECTION 9. This Act shall take effect upon its approval.

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INTRODUCED BY:



17

BY REQUEST

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Report Title:

Department of Transportation; Electric Vehicles, Road Usage Charge System; Mileage-Based Road Usage Fees; Reports; Appropriation

Description:

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 2033. 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.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

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JUSTIFICATION SHEET

DEPARTMENT: Transportation

TITLE: A BILL FOR AN RELATING TO THE ROAD USAGE CHARGE PROGRAM.

PURPOSE: To amend chapter 249, Hawaii Revised Statutes (HRS), by adding a new section to establish a program for a state road usage charge (RUC) for electric vehicles to be collected and deposited into the state highway fund established under section 248-8, HRS, and for the purposes described in section 248-9, HRS, and to require the Department of Transportation to develop a plan for expanding the RUC program to all vehicles and authorize departmental rules that may be necessary to effectuate the intent of the law; and to amend various sections in chapter 249 to replace the current \$50 state annual electric vehicle registration surcharge with a RUC, applicable only to electric vehicles, at a rate of 0.8 cents per mile, and capped at the amount an average vehicle pays in gas tax in one year, using mileage information already collected at the periodic vehicle inspections as the basis for the charge.

MEANS: Add a new section to chapter 249, HRS, and amend sections 249-31(a), 286-26(e), and 286-41(b), HRS.

JUSTIFICATION: 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

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improvement that would be fair to all users, is sustainable, and supports the State of Hawaii's energy independence goals.

With the existing vehicle inspection program, Hawaii is well-positioned to transition to a per-mile road usage charge system at low administrative costs. Replacing the registration surcharge on electric vehicles with a mileage-based road user charge is a minimally disruptive first step to transition the State to a per-mile road usage charge system. With the increase in public support for fuel-efficient electric and alternative fuel vehicles, the shift to a road usage charge based on vehicle miles traveled is fair to all drivers within the State and ensures that the owners of alternative fuel vehicles pay a fair share of Hawaii's roadway maintenance costs.

Impact on the public: The RUC would be collected along with the other annual registration fees in lieu of the current EV surcharge. Mileage information will be collected using the existing periodic vehicle inspection as is done currently. RUC will be based on an 0.8 cents per mile rate, and the annual RUC amount will be dependent upon the mileage driven, which might be less, or might be more than the \$50 annual registration surcharge amount. The amount due would be capped at the amount equal to what the average vehicle pays in state gas tax.

Impact on the department and other agencies: This bill will require the Department of Transportation to coordinate with the City and County of Honolulu, the three neighbor island counties, the Department of Taxation, the vehicle inspection stations, and other affected agencies or entities to examine implementation details, determine roles, responsibilities, and costs. Departments responsible for implementing the law may need to undertake administrative rulemaking.

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GENERAL FUND: None.

OTHER FUNDS: State Highway Revenue Bond Funds and Federal Highway Federal Funds.

PPBS PROGRAM
DESIGNATION: TRN 595.

OTHER AFFECTED
AGENCIES: None.

EFFECTIVE DATE: Upon approval.