

JAN 24 2024

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 fuel tax
2 revenues decline, the department of transportation supports the
3 adoption of a per-mile road usage charge to provide fair and
4 sustainable funding for the State's road infrastructure. The
5 legislature further finds that with the existing vehicle
6 inspection program the State and counties are well-positioned to
7 transition to a per-mile road usage charge with low
8 administrative costs. In 2023, the legislature enacted a small-
9 scale per-mile road usage charge program for electric vehicles.
10 Beginning on July 1, 2025, drivers of electric vehicles will be
11 provided a choice of paying a state road usage charge at a rate
12 of 0.8 cents per mile traveled or paying a flat fee of \$50. The
13 state road usage charge shall be not more than \$50 per year.
14 This choice will be permitted until June 30, 2028, at which time
15 all 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,
18 the legislature required the Hawaii department of transportation

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1 to develop a plan to transition all vehicles in Hawaii to a per-
2 mile road usage charge by 2033. The legislature further finds
3 that, in addition to the state fuel tax, counties rely on their
4 own motor fuel tax to fund the maintenance and repair of county
5 roads and bridges. Like the state fuel tax, the county fuel tax
6 is also declining, leaving counties with less revenue to
7 maintain their roads and bridges. The legislature now finds
8 that counties may wish to begin transitioning to a mileage-based
9 road usage charge as a fair and sustainable replacement for the
10 county motor fuel tax. Furthermore, as the State begins its
11 small-scale state road usage charge program in 2025, the
12 counties should be authorized to enact their own county road
13 usage charge as a replacement for their county fuel tax. The
14 legislature finds that permitting counties to do this will
15 result in lower administrative costs for the state and county
16 agencies tasked with implementing the road usage charge and
17 create more efficiency and simplicity for the traveling public
18 as the State begins transitioning to a fair and sustainable
19 source of transportation funding.

20 The purposes of this Act are to:

- 21 (1) Authorize the counties to impose a county mileage-
22 based road usage charge to replace the county motor

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1 fuel tax for electric vehicles, allowing electric
2 vehicle owners to pay a county registration surcharge
3 or a per-mile county road usage charge until June 30,
4 2028;

5 (2) Provide a process by which counties adopt a per-mile
6 rate by county or city resolution;

7 (3) Direct moneys from collection of a county road usage
8 charge for use in the county in which the county road
9 usage charge is collected; and

10 (4) Clarify that the moneys collected under the state road
11 usage charge as established in this chapter are
12 directed into the state highway fund.

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

16 "§249-A County mileage-based road usage charge;
17 established. (a) Beginning July 1, 2025, in addition to all
18 other fees and taxes levied by this chapter, vehicles described
19 pursuant to subsection (c) shall be subject to a county mileage-
20 based road usage charge. The county mileage-based road usage
21 charge shall be calculated by the director of finance at the
22 rate established under section 249-B; multiplied by the number

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1 of miles traveled; less the estimated amount of paid county
2 motor fuel taxes that correspond with the number of miles
3 traveled, as shall be determined by the administrative
4 rulemaking process. The number of miles traveled shall be
5 calculated as the difference between the vehicle's two most
6 recent odometer readings, as noted on the vehicle's certificate
7 of inspection issued pursuant to section 286-26(e). The county
8 mileage-based road usage charge shall be not less than zero
9 dollars. Until June 30, 2028, the county mileage-based road
10 usage charge shall be not more than \$50 per year. If a county
11 enacts a road usage charge pursuant to section 249-B, for the
12 first registration renewal of new motor vehicles for which no
13 certificate of inspection is required, the county mileage-based
14 road usage charge assessed shall be \$50, and such amount once
15 paid shall be subtracted from the calculation of the county
16 mileage-based road usage charge upon that vehicle's second
17 registration renewal.

18 (b) The county mileage-based road usage charge shall be
19 paid each year following the vehicle's most recent inspection
20 together with all other taxes and fees levied by this chapter on
21 a staggered basis as established by each county as authorized by
22 section 286-51 to ensure that the county mileage-based road

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1 usage charge is due and payable at the same time and shall be
2 collected together with the county registration fee. The county
3 mileage-based road usage charge shall be deemed delinquent if
4 not paid with the county registration fee. The respective
5 county shall collect the county mileage-based road usage charge
6 and shall deposit the moneys collected under this section in the
7 highway fund established under section 249-18. The moneys
8 collected under this section shall be expended in the county in
9 which the fees are collected as provided in section 249-C.

10 (c) Vehicles subject to the county mileage-based road
11 usage charge described in subsection (a) shall include all
12 electric vehicles registered in the State except for any
13 vehicles that qualify for any of the exemptions in sections 249-
14 4, 249-5.5, 249-6, and 249-6.5. For the purposes of this
15 section, "electric vehicle" means a vehicle having three or more
16 wheels, a gross vehicle weight rating less than or equal to ten
17 thousand pounds, and the capability to operate legally at a
18 speed of more than thirty-five miles per hour, and drawing
19 propulsion energy exclusively from a battery that can be
20 recharged from an external source of energy.

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1 (d) Until June 30, 2028, owners of electric vehicles shall
2 be offered a choice to pay a \$50 registration surcharge in lieu
3 of the county mileage-based road usage charge.

4 (e) Counties may adopt rules pursuant to chapter 91 for
5 establishing and administering the county mileage-based road
6 usage charge.

7 **§249-B County mileage-based road usage charge; rate-**
8 **setting.** The amount of the "county of Hawaii mileage-based road
9 usage charge", "city and county of Honolulu mileage-based road
10 usage charge", "county of Maui mileage-based road usage charge",
11 and "county of Kauai mileage-based road usage charge",
12 respectively, shall be determined by resolution of the county or
13 the city council of each county adopted in the manner provided
14 by law relating to resolutions involving the expenditure of
15 public money. The amount fixed by the resolution may be, per
16 mile, one or more cents or a fraction of a cent or both, or it
17 may be zero. No resolution shall be adopted until the county or
18 the city council shall conduct a public hearing on the amount of
19 charge proposed. Public notice of the hearing shall be given in
20 the county at least twice within a period of thirty days
21 immediately preceding the date of hearing. If the resolution is

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1 adopted, it shall take effect on the first day of the second
2 month following the date of adoption of the resolution.

3 Until and unless otherwise provided by resolution adopted
4 as provided above, the amount of the "county of Hawaii mileage-
5 based road usage charge" shall be zero, the amount of the "city
6 and county of Honolulu mileage-based road usage charge" shall be
7 zero, the amount of the "county of Maui mileage-based road usage
8 charge" shall be zero, and the amount of the "county of Kauai
9 mileage-based road usage charge" shall be zero.

10 §249-C County mileage-based road usage charge;
11 dispositions. Each of the following road usage charges shall be
12 expended pursuant to section 249-18, for the island for which
13 the road usage charge revenue is specially indicated, or, if
14 none, for the county for which the road usage charge revenue is
15 indicated:

16 (1) The "city and county of Honolulu mileage-based road
17 usage charge" shall be collected by the respective
18 county and deposited into the fund known as the
19 "highway fund" created by section 249-18;

20 (2) The "county of Kauai mileage-based road usage charge"
21 shall be collected by the respective county and

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1 deposited into the fund known as the "highway fund"
2 created by section 249-18;

3 (3) The "county of Hawaii mileage-based road usage charge"
4 shall be collected by the respective county and
5 deposited into the fund known as the "highway fund"
6 created by section 249-18; and

7 (4) The "county of Maui mileage-based road usage charge"
8 collected on account of vehicle miles traveled on the
9 island of Lanai, shall be collected by the respective
10 county and deposited into the fund known as the
11 "highway fund" created by section 249-18, for
12 expenditure on the island of Lanai. The "county of
13 Maui mileage-based road usage charge" collected on
14 account of vehicle miles traveled on the island of
15 Molokai, shall be collected by the respective county
16 and deposited into the fund known as the "highway fund"
17 created by section 249-18, for expenditure on the
18 island of Molokai. The remainder of the "county of
19 Maui mileage-based road usage charge" shall be
20 collected by the respective county and deposited into
21 the fund known as the "highway fund" created by section
22 249-18."

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1 SECTION 3. Section 249-18, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "§249-18 Highway fund. All taxes, fees, or charges
4 collected under this chapter, except those collected pursuant to
5 sections 249-14 and 249-14.5 [7] and the state mileage-based road
6 usage charge established under 249-36, shall be deposited in a
7 county fund to be known as the "highway fund" and shall be
8 expended in the county in which the taxes, fees, or charges are
9 collected for the following purposes:

10 (1) For acquisition, designing, construction, improvement,
11 repair, and maintenance of public roads and highways,
12 including without restriction of the foregoing
13 purposes, costs of new land therefor, of permanent
14 storm drains or new bridges, as well as repairs or
15 additions to storm drains or bridges;

16 (2) For installation, maintenance, and repair of street
17 lights and power, and other charges for street
18 lighting purposes, including replacement of old street
19 lights, on county maintained public roads and
20 highways;

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- 1 (3) For purposes and functions connected with traffic
2 control and preservation of safety upon the public
3 highways and streets;
- 4 (4) For payment of interest on and redemption of bonds
5 issued to finance highway and street construction and
6 improvements;
- 7 (5) In the case of the city and county of Honolulu, for
8 appropriation for the police department up to the sum
9 of \$500,000. No expenditures shall be made out of
10 this fund which will jeopardize federal aid for
11 highway construction;
- 12 (6) For purposes and functions connected with mass
13 transit; and
- 14 (7) For the acquisition, design, construction,
15 improvement, repair, and maintenance of bikeways."

16 SECTION 4. Section 249-36, Hawaii Revised Statutes, is
17 amended by amending subsection (a) to read as follows:

18 "(a) Beginning July 1, 2025, in addition to all other fees
19 and taxes levied by this chapter, electric vehicles shall be
20 subject to a state mileage-based road usage charge. The state
21 mileage-based road usage charge shall be calculated by the
22 county director of finance at the rate of 0.8 cents per mile

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1 traveled, multiplied by the number of miles traveled, less the
2 estimated amount of paid state fuel taxes that correspond with
3 the number of miles traveled. The department shall adopt rules
4 pursuant to chapter 91 to determine the method for calculating
5 the estimated amount of paid state fuel taxes that correspond
6 with the number of miles traveled. The number of miles traveled
7 shall be calculated as the difference between the vehicle's two
8 most recent odometer readings, as noted on the vehicle's
9 certificate of inspection pursuant to section 286-26(e). The
10 state mileage-based road usage charge shall be not less than \$0,
11 and, until June 30, 2028, the state mileage based road usage
12 charge shall be not more than \$50 per year. For the first
13 registration renewal of new motor vehicles for which no
14 certificate of inspection is required, the state mileage-based
15 road usage charge assessed shall be \$50, and such amount once
16 paid shall be subtracted from the calculation of the state
17 mileage-based road usage charge upon that vehicle's second
18 registration renewal."

19 SECTION 5. In codifying the new sections added by section
20 2 of this Act, the revisor of statutes shall substitute
21 appropriate section numbers for the letters used in designating
22 and referring to the new sections in this Act.

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1 SECTION 6. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

3 SECTION 7. This Act, upon its approval, shall take effect
4 on July 1, 2024.

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INTRODUCED BY: 

7

BY REQUEST

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Report Title:

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

Description:

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.

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 ROAD USAGE CHARGE PROGRAM.

PURPOSE: To authorize counties to impose a county mileage-based road usage charge to replace the county motor fuel tax for electric vehicles, allowing electric vehicle owners to pay a county registration surcharge or a per-mile county road usage charge until June 30, 2028.

To provide a process by which counties adopt a per-mile rate by county or city resolution.

To direct moneys from collection of a county road usage charge for use in the county in which the county road usage charge is collected.

To clarify that the moneys collected under the state road usage charge as established in this chapter are directed into the state highway fund.

MEANS: Add three new sections to amend chapter 249, Hawaii Revised Statutes (HRS), and amend sections 249-18 and 249-36(a), HRS.

JUSTIFICATION: The Hawaii Road Usage Charge Demonstration Project published its Final Report in August 2022. The Legislature enacted Act 222 in 2023, a small-scale per-mile state road usage charge program for electric vehicles.

With the existing vehicle inspection program, Hawaii is well-positioned to transition to a per-mile road usage charge system at low administrative costs.

In addition to the state fuel tax, counties rely on their own motor fuel tax to fund the

maintenance and repair of county roads and bridges. Like the state fuel tax, the county fuel tax is also declining, leaving counties with less revenue to maintain their roads and bridges.

Impact on the public: The county road usage charge would be collected along with the other annual registration fees. Mileage information will be collected using the existing periodic vehicle inspection as is done currently.

Impact on the department and other agencies: Counties may enact a road usage charge by resolution.

GENERAL FUND: None.

OTHER FUNDS: None.

PPBS PROGRAM
DESIGNATION: TRN 595.

OTHER AFFECTED
AGENCIES: Counties.

EFFECTIVE DATE: Upon approval.