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# 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 rule. The number of miles traveled shall be  
21 calculated as the difference between the electric vehicle's two



1 most recent odometer readings, as noted on the electric  
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 electric 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 electric vehicle's second registration renewal.

13 (d) The county mileage-based road usage charge shall be  
14 paid each year following the electric vehicle's most recent  
15 inspection together with all other taxes and fees levied by this  
16 chapter on a staggered basis as established by each county as  
17 authorized by section 286-51 to ensure that the county mileage-  
18 based road usage charge is due and payable at the same time and  
19 shall be collected together with the county registration fee.  
20 The county mileage-based road usage charge shall be deemed  
21 delinquent if 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:

3 (1) Until such rate is established, the county mileage-  
4 based road usage charge for each county shall be zero;  
5 and

6 (2) The rate for the county mileage-based road usage  
7 charge shall be comparable to the county fuel tax and  
8 no more than the estimated county fuel tax.

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

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

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

21 (2) Zero.



1        §249-C County mileage-based road usage charge; collection;  
2 disposition. The county mileage-based road usage charge for  
3 each county shall be collected by the respective county and  
4 deposited into the respective county highway fund established  
5 pursuant to section 249-18; provided that amounts collected in  
6 the county of Maui on vehicle miles traveled on the island of  
7 Lanai shall be used solely for expenditures on the island of  
8 Lanai; provided further that the amounts collected in the county  
9 of Maui on vehicle miles traveled on the island of Molokai shall  
10 be used solely for expenditures on the island of Molokai."

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

13        "**§248-9 State highway fund.** (a) Moneys in the state  
14 highway fund may be expended for the following purposes:

15        (1) To pay the costs of operation, maintenance, and repair  
16            of the state highway system, including without  
17            limitation, the cost of equipment and general  
18            administrative overhead;

19        (2) To pay the costs of acquisition, including real  
20            property and interests therein; planning; designing;  
21            construction; and reconstruction of the state highway



- 1 system and bikeways, including without limitation, the  
2 cost of equipment and general administrative overhead;
- 3 (3) To reimburse the general fund for interest on and  
4 principal of general obligation bonds issued to  
5 finance highway projects where the bonds are  
6 designated to be reimbursable out of the state highway  
7 fund;
- 8 (4) To pay the costs of construction, maintenance, and  
9 repair of county roads; provided that none of the  
10 funds expended on a county road or program shall be  
11 federal funds when expenditure would cause a violation  
12 of federal law or a federal grant agreement; ~~and~~
- 13 (5) To pay the costs of establishing and maintaining a  
14 drug and alcohol toxicology testing laboratory that is  
15 intended to support the prosecution of offenses  
16 relating to operation of a motor vehicle while under  
17 the influence of an intoxicant[-]; and
- 18 (6) For purposes and functions connected with traffic  
19 control and preservation of safety upon the public  
20 highways and streets.





1 (b) At any time, the director of transportation may  
2 transfer from the state highway fund all or any portion of  
3 available moneys determined by the director of transportation to  
4 exceed one hundred thirty-five per cent of the requirements for  
5 the ensuing twelve months for the state highway fund as  
6 permitted by and in accordance with section 37-53. For purposes  
7 of the determination, the director of transportation shall take  
8 into consideration:

- 9 (1) The amount of federal funds and bond funds on deposit  
10 in, and budgeted to be expended from, the state  
11 highway fund during the period;
- 12 (2) Amounts on deposit in the state highway fund that are  
13 encumbered or otherwise obligated;
- 14 (3) Budgeted amounts payable from the state highway fund  
15 during the period;
- 16 (4) Revenues anticipated to be received by and  
17 expenditures to be made from the state highway fund  
18 during the period based on existing agreements and  
19 other information for the ensuing twelve months; and
- 20 (5) Any other factors as the director of transportation  
21 shall deem appropriate.



1       ~~[(c) The department of transportation shall establish~~  
2 ~~county subaccounts within the state highway fund.~~  
3 ~~Notwithstanding subsections (a) and (b), funds in each county~~  
4 ~~subaccount shall be expended for state highway road capacity~~  
5 ~~projects in the respective county.~~

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

8       ~~(1) Of a new road;~~

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

10       ~~or~~

11       ~~(3) That increases the number of vehicles that may be~~

12       ~~driven on an island and alleviates the level of~~

13       ~~traffic congestion on existing roads of that island,~~

14 ~~and any planning, design, or right-of-way acquisition related to~~

15 ~~the construction.]"~~

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

18       "**§249-18 Highway fund.** All taxes, fees, or charges  
19 collected under this chapter, except those collected pursuant to  
20 sections 249-14 and 249-14.5[7] and the state mileage-based road  
21 usage charge established under 249-36, shall be deposited in a



1 county fund to be known as the "highway fund" and shall be  
2 expended in the county in which the taxes, fees, or charges are  
3 collected for the following purposes:

4 (1) For acquisition, designing, construction, improvement,  
5 repair, and maintenance of public roads and highways,  
6 including without restriction of the foregoing  
7 purposes, costs of new land therefor, of permanent  
8 storm drains or new bridges, as well as repairs or  
9 additions to storm drains or bridges;

10 (2) For installation, maintenance, and repair of street  
11 lights and power, and other charges for street  
12 lighting purposes, including replacement of old street  
13 lights, on county maintained public roads and  
14 highways;

15 (3) For purposes and functions connected with traffic  
16 control and preservation of safety upon the public  
17 highways and streets;

18 (4) For payment of interest on and redemption of bonds  
19 issued to finance highway and street construction and  
20 improvements;



1 (5) In the case of the city and county of Honolulu, for  
2 appropriation for the police department up to the sum  
3 of \$500,000. No expenditures shall be made out of  
4 this fund [~~which~~] that will jeopardize federal aid for  
5 highway construction;

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

8 (7) For the acquisition, design, construction,  
9 improvement, repair, and maintenance of bikeways[-]  
10 and pedestrian walkways."

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

13 "(a) Beginning July 1, 2025, in addition to all other fees  
14 and taxes levied by this chapter, electric vehicles shall be  
15 subject to a state mileage-based road usage charge. The state  
16 mileage-based road usage charge shall be calculated by the  
17 county director of finance at the rate of 0.8 cents per mile  
18 traveled, multiplied by the number of miles traveled, less the  
19 estimated amount of paid state fuel taxes that correspond with  
20 the number of miles traveled. The department shall adopt rules  
21 pursuant to chapter 91 to determine the method for calculating



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

16 SECTION 6. In codifying the new sections added by  
17 section 2 of this Act, the revisor of statutes shall substitute  
18 appropriate section numbers for the letters used in designating  
19 and referring to the new sections in this Act.

20 SECTION 7. Statutory material to be repealed is bracketed  
21 and stricken. New statutory material is underscored.



**1** 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:**

Beginning 7/1/2025, 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.  
(HD2)

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

