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



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

21 The purpose of this Act is to:



- 1 (1) Authorize the counties to impose a county mileage-
- 2 based road usage charge to replace the county motor
- 3 fuel tax for electric vehicles, allowing electric
- 4 vehicle owners to pay a county registration surcharge
- 5 or a per-mile county road usage charge until June 30,
- 6 2028;
- 7 (2) Provide a process by which counties adopt a per-mile
- 8 rate by county or city resolution;
- 9 (3) Direct moneys from collection of a county road usage
- 10 charge for use in the county in which the county road
- 11 usage charge is collected; and
- 12 (4) Clarify that the moneys collected under the state road
- 13 usage charge as established in this chapter are
- 14 directed into the state highway fund.

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

18 **"§249-A County mileage-based road usage charge;**
 19 **established.** (a) Beginning July 1, 2025, in addition to all
 20 other fees and taxes levied by this chapter, vehicles described
 21 pursuant to subsection (c) shall be subject to a county mileage-



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



1 (b) The county mileage-based road usage charge shall be
2 paid each year following the vehicle's most recent inspection
3 together with all other taxes and fees levied by this chapter on
4 a staggered basis as established by each county as authorized by
5 section 286-51 to ensure that the county mileage-based road
6 usage charge is due and payable at the same time and shall be
7 collected together with the county registration fee. The county
8 mileage-based road usage charge shall be deemed delinquent if
9 not paid with the county registration fee. The respective
10 county shall collect the county mileage-based road usage charge
11 and shall deposit the moneys collected under this section in the
12 highway fund established under section 249-18. The moneys
13 collected under this section shall be expended in the county in
14 which the fees are collected as provided in section 249-C.

15 (c) Vehicles subject to the county mileage-based road
16 usage charge described in subsection (a) shall include all
17 electric vehicles registered in the State except for any
18 vehicles that qualify for any of the exemptions in sections 249-
19 4, 249-5.5, 249-6, and 249-6.5. For the purposes of this
20 section, "electric vehicle" means a vehicle having three or more
21 wheels, a gross vehicle weight rating less than or equal to ten



1 thousand pounds, and the capability to operate legally at a
2 speed of more than thirty-five miles per hour, and drawing
3 propulsion energy exclusively from a battery that can be
4 recharged from an external source of energy.

5 (d) 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.

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

11 (f) For the purposes of this section, "motor vehicle" has
12 the same meaning as defined in section 431:10C-103.

13 **§249-B County mileage-based road usage charge; rate-**
14 **setting.** The amount of the "county of Hawaii mileage-based road
15 usage charge", "city and county of Honolulu mileage-based road
16 usage charge", "county of Maui mileage-based road usage charge",
17 and "county of Kauai mileage-based road usage charge",
18 respectively, shall be determined by resolution of the county or
19 the city council of each county adopted in the manner provided
20 by law relating to resolutions involving the expenditure of
21 public money. The amount fixed by the resolution may be, per



1 mile, one or more cents or a fraction of a cent or both, or it
2 may be zero. No resolution shall be adopted until the county or
3 the city council shall conduct a public hearing on the amount of
4 charge proposed. Public notice of the hearing shall be given in
5 the county at least twice within a period of thirty days
6 immediately preceding the date of hearing. If the resolution is
7 adopted, it shall take effect on the first day of the second
8 month following the date of adoption of the resolution.

9 Until and unless otherwise provided by resolution adopted
10 as provided above, the amount of the "county of Hawaii mileage-
11 based road usage charge" shall be zero, the amount of the "city
12 and county of Honolulu mileage-based road usage charge" shall be
13 zero, the amount of the "county of Maui mileage-based road usage
14 charge" shall be zero, and the amount of the "county of Kauai
15 mileage-based road usage charge" shall be zero.

16 **§249-C County mileage-based road usage charge;**
17 **dispositions.** Each of the following road usage charges shall be
18 expended pursuant to section 249-18, for the island for which
19 the road usage charge revenue is specially indicated, or, if
20 none, for the county for which the road usage charge revenue is
21 indicated:



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



1 and deposited into the fund known as the "highway
2 fund" created by section 249-18, for expenditure on
3 the island of Molokai. The remainder of the "county
4 of Maui mileage-based road usage charge" shall be
5 collected by the respective county and deposited into
6 the fund known as the "highway fund" created by
7 section 249-18."

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

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

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

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



1 (3) To reimburse the general fund for interest on and
2 principal of general obligation bonds issued to
3 finance highway projects where the bonds are
4 designated to be reimbursable out of the state highway
5 fund;

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

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

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

19 (b) At any time, the director of transportation may
20 transfer from the state highway fund all or any portion of
21 available moneys determined by the director of transportation to



1 exceed one hundred thirty-five per cent of the requirements for
2 the ensuing twelve months for the state highway fund as
3 permitted by and in accordance with section 37-53. For purposes
4 of the determination, the director of transportation shall take
5 into consideration:

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

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

11 (3) Budgeted amounts payable from the state highway fund
12 during the period;

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

17 (5) Any other factors as the director of transportation
18 shall deem appropriate.

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

21 ~~Notwithstanding subsections (a) and (b), funds in each county~~



1 ~~subaccount shall be expended for state highway road capacity~~
2 ~~projects in the respective county.~~

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

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

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

7 ~~or~~

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

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

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

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

12 ~~the construction.]"~~

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

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



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



1 this fund which will jeopardize federal aid for
2 highway construction;

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

5 (7) For the acquisition, design, construction,
6 improvement, repair, and maintenance of bikeways and
7 pedestrian walkways."

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

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



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

12 SECTION 6. Section 431:10C-103, Hawaii Revised Statutes,
13 is amended by amending the definition of "motor vehicle" to read
14 as follows:

15 "Motor vehicle" means any vehicle of a type required to be
16 registered under chapter 286, including a trailer attached to
17 such a vehicle, but not including motorcycles [~~and motor~~
18 ~~scoters~~]."

19 SECTION 7. In codifying the new sections added by
20 section 2 of this Act, the revisor of statutes shall substitute



1 appropriate section numbers for the letters used in designating
2 and referring to the new sections in this Act.

3 SECTION 8. Statutory material to be repealed is bracketed
4 and stricken. New statutory material is underscored.

5 SECTION 9. This Act shall take effect on July 1, 2024.



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. (SD1)

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

