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# A BILL FOR AN ACT

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RELATING TO TRANSPORTATION.

**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) Authorize a county to impose a mileage-based road  
19 usage surcharge;  
20 (2) Clarify the disposition of funds for the state  
21 mileage-based road usage charge;



- 1 (3) Repeal the requirement for the department of  
2 transportation to establish county subaccounts within  
3 the state highway fund;
- 4 (4) Establish the state mileage-based road usage charge  
5 subaccount within the state highway fund;
- 6 (5) Clarify the rate and calculation of the state mileage-  
7 based road usage charge; and
- 8 (6) Appropriate funds.

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

12 **"§249-A County mileage-based road usage charge;**  
13 **established.** (a) Beginning July 1, 2028, in addition to all  
14 other fees and taxes levied by this chapter, a county may impose  
15 a county mileage-based road usage charge on electric vehicles.

16 (b) The county mileage-based road usage charge shall be  
17 calculated by the director of finance at the rate established  
18 under section 249-B, multiplied by the number of miles traveled,  
19 less the estimated amount of paid county motor fuel taxes that  
20 correspond with the number of miles traveled, as shall be  
21 determined by rule. The number of miles traveled shall be



1 calculated as the difference between the electric vehicle's two  
2 most recent odometer readings, as noted on the electric  
3 vehicle's certificate of inspection issued pursuant to section  
4 286-26(e).

5 (c) If a county establishes a mileage-based road usage  
6 charge pursuant to section 249-B, for the first registration  
7 renewal of new electric vehicles for which no certificate of  
8 inspection is required, the county mileage-based road usage  
9 charge assessed shall be \$50, which shall be subtracted from the  
10 calculation of the county mileage-based road usage charge upon  
11 that electric vehicle's second registration renewal.

12 (d) The county mileage-based road usage charge shall be  
13 paid each year following the electric vehicle's most recent  
14 registration together with all other taxes and fees levied by  
15 this chapter on a staggered basis as established by each county  
16 as authorized by section 286-51 to ensure that the county  
17 mileage-based road usage charge is due and payable at the same  
18 time and shall be collected together with the county  
19 registration fee. The county mileage-based road usage charge  
20 shall be deemed delinquent if not paid with the county  
21 registration fee.



1        (e) Notwithstanding 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, and 249-6.5 shall be exempt from  
4 this section.

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

8        (g) For the purposes of this section, "electric vehicle"  
9 has the same meaning as in section 249-36.

10        **§249-B County mileage-based road usage charge; rate;**  
11 **establishment.**    (a) Each county shall establish the rate to be  
12 used to calculate the amount of that county's mileage-based road  
13 usage charge in the manner provided for by ordinances involving  
14 the expenditure of public funds; provided that until such rate  
15 is established, the county mileage-based road usage charge for  
16 each county shall be zero.

17        (b) No ordinance establishing the rate for a county  
18 mileage-based road usage charge shall be adopted until a public  
19 hearing on the proposed rate for the county mileage-based road  
20 usage charge has been held. Public notice of the hearing shall  
21 be given at least twice within the thirty-day period immediately



1 preceding the date of the hearing. The rate for the county  
2 mileage-based road usage charge shall take effect on the first  
3 day of the second month following the adoption of an ordinance  
4 establishing a county mileage-based road usage charge.

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

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

8 (2) Zero.

9 (d) If a county mileage-based road usage charge cannot be  
10 calculated because of missing, incomplete, or incorrect odometer  
11 reading information, a vehicle subject to the county  
12 mileage-based road usage charge shall be subject to a default  
13 county mileage-based road usage charge as established by the  
14 county.

15 **§249-C County mileage-based road usage charge;**  
16 **dispositions.** The county mileage-based road usage charge for  
17 each county shall be collected by the respective county and  
18 deposited into the respective county highway fund established  
19 pursuant to section 249-18; provided that amounts collected in  
20 the county of Maui on vehicle miles traveled on the island of  
21 Lanai shall be used solely for expenditures on the island of



1 Lanai; provided further that the amounts collected in the county  
2 of Maui on vehicle miles traveled on the island of Molokai shall  
3 be used solely for expenditures on the island of Molokai."

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

6 **"§248-9 State highway fund.** (a) Moneys in the state  
7 highway fund may be expended for the following purposes:

8 (1) To pay the costs of operation, maintenance, and repair  
9 of the state highway system, including without  
10 limitation, the cost of equipment and general  
11 administrative overhead;

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

17 (3) To reimburse the general fund for interest on and  
18 principal of general obligation bonds issued to  
19 finance highway projects where the bonds are  
20 designated to be reimbursable out of the state highway  
21 fund;



1 (4) To pay the costs of construction, maintenance, and  
2 repair of county roads; provided that none of the  
3 funds expended on a county road or program shall be  
4 federal funds when expenditure would cause a violation  
5 of federal law or a federal grant agreement; and

6 (5) To pay the costs of establishing and maintaining a  
7 drug and alcohol toxicology testing laboratory that is  
8 intended to support the prosecution of offenses  
9 relating to operation of a motor vehicle while under  
10 the influence of an intoxicant.

11 (b) At any time, the director of transportation may  
12 transfer from the state highway fund all or any portion of  
13 available moneys determined by the director of transportation to  
14 exceed one hundred thirty-five per cent of the requirements for  
15 the ensuing twelve months for the state highway fund as  
16 permitted by and in accordance with section 37-53. For purposes  
17 of the determination, the director of transportation shall take  
18 into consideration:

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



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

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

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

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

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

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

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

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

~~or~~



1       ~~(3) That increases the number of vehicles that may be~~  
2           ~~driven on an island and alleviates the level of~~  
3           ~~traffic congestion on existing roads of that island,~~  
4       ~~and any planning, design, or right-of-way acquisition related to~~  
5       ~~the construction.]~~

6       (c) There is established within the state highway fund a  
7       state mileage-based road usage charge subaccount. All fees,  
8       taxes, and charges collected by chapter 249 shall be deposited  
9       into a state mileage-based road usage subaccount under the state  
10       highway fund to be administered by the department of  
11       transportation; provided that funds may be used to pay for any  
12       expenditures in collaboration with the state mileage-based road  
13       usage charge including disbursements or reimbursements back to  
14       the vehicle owners."

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

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



1 expended in the county in which the taxes, fees, or charges are  
2 collected for the following purposes:

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

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

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

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

20 (5) In the case of the city and county of Honolulu, for  
21 appropriation for the police department up to the sum



1 of \$500,000. No expenditures shall be made out of  
2 this fund [~~which~~] that will jeopardize federal aid for  
3 highway construction;

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

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

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]~~ the amount  
9 once paid shall be subtracted from the calculation of the state  
10 mileage-based road usage charge upon that vehicle's second  
11 registration renewal. If the state mileage-based road usage  
12 charge cannot be calculated because of missing, incomplete, or  
13 incorrect odometer reading information:

14 (1) Until June 30, 2028, a vehicle subject to the state  
15 mileage-based road usage charge is subject to a  
16 default state mileage-based road usage charge of \$50;  
17 and

18 (2) Effective July 1, 2028, a vehicle subject to the state  
19 mileage-based road usage shall be subject to a default  
20 state mileage-based road usage charge of \$80."



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

4       ""Motor vehicle" means any vehicle of a type required to be  
5 registered under chapter 286, including a trailer attached to  
6 ~~[such]~~ a vehicle, but not including motorcycles ~~[and motor~~  
7 ~~scooters]~~."

8       SECTION 7. Section 437D-3, Hawaii Revised Statutes, is  
9 amended by amending the definition of "vehicle license recovery  
10 fees" to read as follows:

11       ""Vehicle license recovery fees" includes motor vehicle  
12 weight taxes under section 249-2; fees connected with the  
13 registration of specially constructed, reconstructed, or rebuilt  
14 vehicles, special interest vehicles, or imported vehicles as  
15 referenced in section 286-41(c); license plate and emblem fees  
16 under section 249-7(b); state and county mileage-based road  
17 usage charges under sections 249-36 and 249-A; inspection fees  
18 as referenced in section 286-26; highway beautification fees as  
19 referenced in section 286-51(b)(1); and any use tax under  
20 chapter 238."



1       SECTION 8. There is appropriated out of the state highway  
2 fund the sum of \$                   or so much thereof as may be  
3 necessary for fiscal year 2025-2026 for the implementation of  
4 the state mileage-based road usage charge program, to be used  
5 with available federal funds; provided that moneys appropriated  
6 pursuant to this section shall not lapse at the end of the  
7 fiscal year and any unexpended or unencumbered funds as of June  
8 30, 2026, shall lapse into the state highway fund as of that  
9 date.

10       The sum appropriated shall be expended by the department of  
11 transportation for the purposes of this Act.

12       SECTION 9. There is appropriated out of the state highway  
13 fund the sum of \$                   or so much thereof as may be  
14 necessary for fiscal year 2025-2026 to be used with \$802,400  
15 federal funds and the sum of \$                   or so much thereof as  
16 may be necessary for fiscal year 2026-2027 to be used with  
17 \$1,542,480 federal funds, for the continued implementation of  
18 the state mileage-based road user charge established pursuant to  
19 section 249-36, Hawaii Revised Statutes; provided that the  
20 moneys appropriated for fiscal year 2025-2026 and fiscal year  
21 2026-2027 for the purposes of this Act shall not lapse at the



1 end of their respective fiscal year and any unexpended or  
2 unencumbered funds as of June 30, 2028, shall lapse into the  
3 state highway fund as of that date.

4 The sums appropriated shall be expended by the department  
5 of transportation for the purposes of this Act.

6 SECTION 10. In codifying the new sections added by section  
7 2 of this Act, the revisor of statutes shall substitute  
8 appropriate section numbers for the letters used in designating  
9 and referring to the new sections in this Act.

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

12 SECTION 12. This Act shall take effect on July 1, 3000.



**Report Title:**

Department of Transportation; Electric Vehicles; State Mileage-Based Road Usage Charge; County Mileage-Based Road Usage Charge; State Highway Fund; Appropriation

**Description:**

Authorizes a county to impose a mileage-based road usage charge. Provides and requires a county to establish the rate of the charge. Clarifies the disposition of funds for state mileage-based road usage charge. Repeals the requirement of the Department of Transportation to establish county subaccounts within the State Highway Fund. Establishes the State Mileage-Based Road Usage Charge Subaccount within the State Highway Fund. Clarifies the rate and calculation of the state mileage-based road usage charge. Effective 7/1/3000. (HD1)

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