

HAWAII STATE ENERGY OFFICE STATE OF HAWAII

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Testimony of
MARK B. GLICK, Chief Energy Officer

before the
SENATE COMMITTEE ON WAYS AND MEANS

Friday, April 4, 2025
10:46 AM
State Capitol, Conference Room 211 and Videoconference

In Support of
HOUSE BILL 1161 HD2 SD1

RELATING TO TRANSPORTATION.

Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee, the Hawai'i State Energy Office (HSEO) supports HB1161 HD2 SD1 that provides authority for counties to impose a mileage-based road usage charge and clarifies the disposition of funds related to such charges.

HSEO's comments are guided by our statutory mission to promote energy efficiency, renewable energy, and clean transportation as laid out in HRS §196-71 and the specific duties of the Chief Energy Officer pursuant to §196-72 relating to clean transportation, as well as the interface of clean transportation in the overall energy ecosystem.

As Hawai'i works toward decarbonizing its transportation sector and transitioning to cleaner, more sustainable transportation options, securing a reliable and equitable source of funding for transportation infrastructure is essential. HB 1161 HD2 SD1 aligns with the State's decarbonization goals by allowing counties to implement a mileage-based road usage charge. This shift from traditional fuel taxes to a per-mile charge is important for ensuring the financial sustainability of Hawai'i's transportation system as the use of electric vehicles (EVs) increases.

HSEO stands ready to work with the Department of Transportation and counties to further the State's decarbonization goals and ensure the success of a mileage-based

road usage charge program that will support the evolving transportation needs of Hawai'i. We believe that this bill represents an important step toward a sustainable and fair transportation system in Hawai'i.

Thank you for the opportunity to testify.



STATE OF HAWAI'I | KA MOKU'ĀINA 'O HAWAI'I
DEPARTMENT OF TRANSPORTATION | KA 'OIHANA ALAKAU
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097

April 4, 2025
10:46 A.M.

State Capitol, Room 211 & Videoconference

H.B. 1161, H.D.2, S.D. 1
RELATING TO TRANSPORTATION

Senate Committee on Ways and Means

The Hawaii Department of Transportation (HDOT) **supports H.B 1161, H.D. 2, S.D. 1**, that authorizes counties to enact a county mileage-based road usage charge (RUC) for electric vehicles beginning July 1, 2028; provides a process by which counties adopt a per-mile rate by county or city resolution; directs moneys from collection of a county road usage charge for use in the county in which the county road usage charge is collected; repeals the cap on the state road usage charge; and establishes a default road usage charge when there is insufficient information to calculate a road usage charge.

Hawaii's four counties pay for the maintenance and improvements of county roads through user fees like the county fuel tax. Like the state fuel tax, county fuel tax revenue is also declining, leaving counties with less revenue for maintenance and improvements. As a result, the counties are interested in transitioning to a mileage-based RUC as a fair and sustainable replacement for the county fuel tax.

H.B. 1161 provides the counties with the authorization to enact a RUC for electric vehicles beginning July 1, 2028. The legislation requires a county RUC to operate consistent with the state RUC, allowing the counties to set their own RUC rate. Permitting the counties to enact a county RUC at the same time offers the opportunity to make administration of the program more efficient and provide for a simpler process for the traveling public.

While the HDOT recognizes the importance of including plug-in hybrid electric vehicles (PHEVs) in the RUC program, the HDOT proposes that the analysis of when and how to add other classes of vehicles into the RUC program is better suited for the Long-Term Transition Plan, which is due to the Legislature in December 2025. Forthcoming input from the long-term transition plan and its attendant Long-Term Transition Advisory Group will inform policy changes and clarifications needed to address the complexities of identifying PHEVs in the motor vehicle registration system starting with the 2026

legislative session. For these reasons, the HDOT proposes the amendment to strike Section 1, Page 3, Lines 6 – 7.

In addition, the HDOT also proposes the following amendments to clarify the established rate for the county mileage-based RUC.

Amend Section 2, Page 5, Line 15 – Page 6, Line 2 to read as follows:

“ **§249-B County mileage-based road usage charge; rate; establishment.** (a) Each county shall establish the rate to be used to calculate the amount of that county’s mileage-based road usage charge in the manner provided for by ordinances involving the expenditure of public funds; provided that until such rate is established, the county mileage-based road usage charge for that county shall be zero. The rate of the county road usage charge shall be no greater than the equivalent per-mile amount paid in county motor fuel tax by the average motor fuel-powered light-duty vehicle in the county in the 12 months following the last increase in the county motor fuel tax rate.”

In addition, the HDOT also proposes the following amendments to the appropriation amounts to be considered for the undertaking of the state RUC and county RUC programs.

Strike Section 7, Page 15, Lines 1 – 11. This amendment is replaced and encompassed in the Section 8 amendment below.

Amend Section 8, Page 15, Line 12 – Page 16, Line 5 to read as follows:

“ SECTION 8. There is appropriated out of the state highway fund, the sum of \$5,332,800 or so much thereof as may be necessary for fiscal year 2025-2026 to be used with available federal funds and the sum of \$3,175,600 or so much thereof as may be necessary for fiscal year 2026-2027 to be used with available federal funds, for the continued implementation of the state mileage-based road user charge established pursuant to Section 249-36, Hawaii Revised Statutes; provided that the moneys appropriated for fiscal year 2025-2026 and fiscal year 2026-2027 for the purposes of this Act shall not lapse at the end of their respective fiscal year; provided further that all

moneys appropriated for fiscal year 2025-2026 and fiscal year 2026-2027 that are unexpended or unencumbered as of June 30, 2028, shall lapse into the state highway fund.

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

Thank you for the opportunity to provide testimony.

Council Chair
Alice L. Lee

Vice-Chair
Yuki Lei K. Sugimura

Presiding Officer Pro Tempore
Tasha Kama

Councilmembers
Tom Cook
Gabe Johnson
Tamara Paltin
Keani N.W. Rawlins-Fernandez
Shane M. Sinenci
Nohelani U'u-Hodgins



Director of Council Services
David M. Raatz, Jr., Esq.

Deputy Director of Council Services
Richelle K. Kawasaki, Esq.

COUNTY COUNCIL
COUNTY OF MAUI
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.MauiCounty.us

April 3, 2025

TO: The Honorable Donovan M. Dela Cruz, Chair
Senate Committee on Ways and Means

FROM: Alice L. Lee
Council Chair 

SUBJECT: **HEARING OF APRIL 4, 2025; TESTIMONY IN SUPPORT OF HB1161, HD2, SD1, RELATING TO TRANSPORTATION**

I **support** this measure to authorize counties to impose a mileage-based road usage charge for electric vehicles beginning July 1, 2028, and refines the structure for implementing such a charge.

The Maui County Council has not had the opportunity to take a formal position on this measure. Therefore, I am providing this testimony in my capacity as an individual member of the Maui County Council.

I **support** this measure for the following reasons:

1. A stable and sustainable funding source is necessary to maintain and improve roads and bridges as fuel-tax revenues decline because of increasing electric-vehicle adoption.
2. By creating a clear and efficient framework for implementation, this bill ensures charges are assessed annually after an electric vehicle's most recent inspection and allows counties to set per-mile rates tailored to local needs.
3. The amendments in the Senate Draft 1 version ensure that the county mileage-based road usage charge remains comparable to county fuel taxes, preventing excessive costs while maintaining fairness among all drivers who rely on public roads. Additionally, expanding allowable uses of the State Highway Fund will help address broader transportation infrastructure needs.

Thank you for your consideration.



Testimony of the Hawai'i State Association of Counties

H.B. No. 1161 HD2 SD1 - Support

Relating to Transportation
Committee on Ways and Means

Friday, April 4, 2025, 10:46 a.m.

The Hawai'i State Association of Counties (HSAC) appreciates the opportunity to provide testimony in **support** of HB 1161 HD2 SD1, which authorizes counties to implement a mileage-based road usage charge (RUC) for electric vehicles (EVs).

HSAC is a non-profit organization representing Hawai'i's four counties: Kaua'i, Maui, Hawai'i, and the City & County of Honolulu. HSAC's membership includes all county council members, who collaborate to advocate for policies that enhance the quality of life for our residents.

The counties rely on fuel taxes to maintain roads and bridges, but as more residents transition to EVs and hybrid vehicles, fuel tax revenues are declining. This measure allows counties to implement a fair, sustainable funding alternative while maintaining consistency with the state RUC system.

1. Ensures Equity in Road Maintenance Contributions

- The bill provides a fair and stable revenue stream, ensuring that all drivers, regardless of fuel type, can contribute to road maintenance.

2. Promotes State and County Coordination

- By aligning the county RUC with the existing state program, this bill streamlines administration and reduces complexity for residents and government agencies.

3. Clarifies Revenue Allocation

- Funds collected from the county RUC will be used for local road maintenance and improvements, supporting statewide infrastructure goals.

We appreciate the Legislature's recognition of the urgent need for sustainable road funding and the importance of a coordinated approach between the state and counties. We urge your support for HB 1161 HD2 SD1 and welcome further collaboration on implementation details.

OFFICE OF THE MAYOR

DEREK S.K. KAWAKAMI, MAYOR

REIKO MATSUYAMA, MANAGING DIRECTOR



LATE

Testimony of Reiko Matsuyama
Managing Director, County of Kaua'i

Before the
Senate Committee on Ways and Means
April 4, 2025; 10:46 AM
Conference Room 211 & Videoconference

In consideration of
House Bill 1161 HD2 SD1, Relating to Transportation

Honorable Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee:

The County of Kaua'i (COK) is in **support** of HB 1161 HD2 SD1 which beginning July 1, 2028, authorizes a county to impose a mileage-based road usage charge on electric vehicles; provides and requires a county to establish the rate of the road usage charge; repeals the requirement for the Department of Transportation to establish county subaccounts within the State Highway Fund; clarifies the disposition of funds for state mileage-based road usage charge; clarifies the rate and calculation of the state mileage-based road usage charge; specifies that rental motor vehicle companies may visibly pass the costs of the mileage-based road usage charges to the consumer; expands allowable uses of the State Highway and Highway Funds; and appropriates funds.

As this measure was amended by the Senate Committees on Transportation and Culture and the Arts, and Energy and Intergovernmental Affairs, and does not currently include a provision to plug-in hybrid vehicles, we suggest, along with Hawai'i Department of Transportation (HDOT), striking Section 1, Page 3, Lines 6-7.

In addition, we support HDOT's proposed amendments to the appropriation amounts to be considered for the undertaking of the state RUC and county RUC programs.

Strike Section 7, Page 15, Lines 1 – 11. This amendment is replaced and encompassed in the Section 8 amendment below.

Amend Section 8, Page 15, Line 12 – Page 16, Line 5 to read as follows:

“ SECTION 8. There is appropriated out of the state highway fund, the sum of \$5,332,800 or so much thereof as may be necessary for fiscal year 2025-2026 to be used with available federal funds and the sum of \$3,175,600 or so much thereof as may be necessary for fiscal year 2026-2027 to be used with available federal funds, for the continued implementation of the state mileage-based road user charge established pursuant to Section 249-36, Hawaii Revised Statutes; provided that the moneys appropriated for fiscal year 2025-2026 and fiscal year 2026-2027 for the purposes of this Act shall not lapse at the end of their respective fiscal year; provided further that all moneys appropriated for fiscal

year 2025-2026 and fiscal year 2026-2027 that are unexpended or unencumbered as of June 30, 2028, shall lapse into the state highway fund.

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

Mahalo for the opportunity to provide testimony in support and with comments of HB1161 HD2 SD1 Relating to Transportation.

DEPARTMENT OF CUSTOMER SERVICES
KA 'OIHANA LAWELawe KUPA
CITY AND COUNTY OF HONOLULU

ADMINISTRATION

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RICK BLANGIARDI
MAYOR
MEIA

KIMBERLY HASHIRO
DIRECTOR
PO'O

MEGAN JOHNSON
DEPUTY DIRECTOR
HOPE PO'O



April 3, 2025

The Honorable Donovan M. Dela Cruz, Chair
The Honorable Sharon Y. Moriwaki, Vice Chair
and Members of the Senate Committee on Ways and Means
State Capitol, Conference Room 211
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Senate Committee on Ways and Means,

SUBJECT: H.B. No. 1161, H.D. 2, S.D. 1 - Relating To Transportation
HEARING: Friday, April 4, 2025, 10:46 a.m.

The City and County of Honolulu, Department of Customer Services (CSD), **supports** H.B. No. 1161, H.D. 2, S.D. 1, which authorizes counties to establish a county mileage-based road usage surcharge (RUC) for electric vehicles (EVs) beginning July 1, 2028; establishes a process for the counties to adopt a per-mile rate by ordinance; clarifies the use of moneys collected under the state and county road usage charges; and clarifies certain procedures when calculating the state and county road usage charge is not possible due to incomplete information. Pursuant to Section 6-402 of the Revised Charter of the City and County of Honolulu, CSD Division of Motor Vehicle Registration administers the motor vehicle registration program for the island of O'ahu. CSD appreciates the opportunity to offer the following testimony in support of H.B. No. 1161, H.D. 2, S.D. 1 for your committee's consideration.

Based on the findings and recommendations from the Hawaii Department of Transportation's multi-year RUC research project, the Hawaii State Legislature established a small-scale RUC program for EVs in 2023 as a means of addressing declining fuel tax revenues based on increasing high fuel economy vehicles, hybrids, and EVs.

Beginning July 1, 2025, drivers of EVs will be given a choice of paying a flat RUC of \$50 or a per-mile RUC, calculated based on the number of miles driven between vehicle safety inspections. This choice will be permitted until June 30, 2028, at which time all EVs will pay a per-mile state RUC.

In addition to the state fuel tax, counties also rely on their own fuel tax to fund the maintenance and repair of county roads and bridges. Similar to the state fuel tax, county fuel taxes are also declining, resulting in counties having less revenue to maintain county roads and bridges. Enabling the counties to enact a mileage-based county RUC as a long-term county fuel tax replacement will allow counties to secure sustainable transportation funding and ensure county roads and bridges are adequately maintained. A county RUC will provide a fair, long-term and sustainable funding approach as fuel tax revenues decline based on increasing high fuel economy vehicles, hybrids and EVs.

While CSD recognizes the importance of including plug-in hybrid electric vehicles (PHEVs) in a RUC program, CSD proposes that the analysis of when and how to add other classes of vehicles into the RUC program is better suited for the Long-Term Transition Plan, which is due to the Legislature in December 2025. Forthcoming input from the Long-Term Transition Plan, and its attendant Long-Term Transition Advisory Group will inform policy changes and clarifications needed to address the complexities of identifying PHEVs in the motor vehicle registration system starting with the 2026 legislative session. For these reasons, and because the legislation, as amended by the Senate Committee on Transportation and Culture and the Arts, does not include any provision for PHEVs, CSD recommends the committee remove the language in Section 1 of H.B. No. 1161, H.D. 2, S.D. 1 that would include PHEVs in the RUC program beginning July 1, 2026.

H.B. No. 1161, H.D. 2, S.D. 1 authorizes counties to enact a county RUC for EVs beginning July 1, 2028, consistent with the state RUC program. Enacting a county RUC program would ensure all vehicles contribute to the upkeep and maintenance of county roads and bridges. Further, enacting a county RUC program that is consistent with the state and other counties' RUC programs would offer the opportunity to reduce administrative costs to the state and county agencies tasked with implementing a RUC. It would offer the opportunity to make implementation and collection of the RUC more efficient and provide for a more uniform process for drivers than if the state and the counties were to enact RUC programs that differ.

For the reasons above, CSD supports this measure.

Thank you for this opportunity to provide testimony in support of H.B. No. 1161, H.D. 2, S.D. 1.

Sincerely,

Kimberly M. Hashiro
Director



April 4, 2025

Senator Donovan Dela Cruz
Chair, Senate Committee on Ways & Means
State Capitol
Honolulu, Hawai'i 96813

Hearing: Friday, April 4, 2025, 10:46 AM, Conference Room 211 & Videoconference

HB1161 HD2, SD1 RELATING TO TRANSPORTATION

Chair Dela Cruz and members of the Committee:

The Hertz Corporation is one of the world's largest mobility companies and operates the Hertz, Dollar, and Thrifty vehicle rental brands throughout Hawai'i. For more than a century, Hertz has offered innovative, differentiated rental products including creating economic opportunities by renting vehicles to rideshare drivers through dedicated partnerships with Uber and Lyft. Hertz also sells vehicles to consumers at Hertz Car Sales locations throughout the United States making well-maintained, safe and affordable used vehicles available to consumers.

Hertz would like to comment on various aspects of HB1161, HD2, SD1 as follows:

Calculation of Road Usage Charges for EV Rental Cars are Difficult to Calculate

With thousands of rentals and rental customers annually in Hawai'i, it would be impossible for rental car operators to calculate the mileage each renter drove annually and retro-actively bill the customer for miles driven during their rental. Instead, we respectfully request that you consider an alternative approach, which would impose a **one-time annual fee** on rental vehicles that would effectively replace the mileage fee that individual consumers would pay. In doing so, it would streamline the levying and collection of those fees by rental car operators and ensure that the state is collecting the revenue it seeks through such a measure.

We believe that the annual fee should be based on a justifiable and reasonable amount that is commensurate with the annual EV rental car miles traveled. We look forward to working with the Hawai'i Department of Transportation in the interim to determine an appropriate fee.

RUC as a Pass-through Provision

Haw. Rev. Stat. Sec. 437D-8.4 permits rental car companies (lessors) to visibly pass on to a lessee of a rental vehicle certain license and registration fees, including general excise taxes, vehicle license recovery fees, surcharge taxes and other fees. We support the proposed State and county RUC for rental cars to be similarly permitted.

Thank you for the opportunity to comment on various aspects of HB1161, HD2, SD1.

Sincerely,

/s/

Steve Shur
Vice President, Government Affairs
steve.shur@hertz.com

Hawaii Electric Vehicle Association

hawaiiev.org
info@hawaiieva.com



April 3, 2025

COMMENTS FOR HB1161 HD2 SD1 (RELATING TO TRANSPORTATION)

Dear Chair Dela Cruz, Vice-Chair Moriwaki, and Members of the Committee,

Hawaii Electric Vehicle Association offers COMMENTS and RECOMMENDATIONS for HB1161 HD2 SD1, which *Beginning 7/1/2028, authorizes a county to impose a mileage-based road usage charge on electric vehicles. Provides and requires a county to establish the rate of the road usage charge. Repeals the requirement for the Department of Transportation to establish county subaccounts within the State Highway Fund. Clarifies the disposition of funds for state mileage-based road usage charge. Clarifies the rate and calculation of the state mileage-based road usage charge. Specifies that rental motor vehicle companies may visibly pass the costs of the mileage-based road usage charges to the consumer. Expands allowable uses of the State Highway and Highway Funds. Appropriates funds.*

Hawaii EV supports sustainable funding for Hawaii's road infrastructure and recognizes that **HB1161 HD2 SD1** is intended to facilitate Hawaii's transition to a Road Usage-Base fee for all vehicles. We maintain that the transition is inevitable and that EV owners are leading the change.

Manage Perceptions

How this mileage-based road usage charge program is communicated and implemented can create an unnecessary barrier to electric vehicle (EV) ownership, contradicting Hawaii's clean energy and transportation goals. It will be important for the program to be executed well. DOT's HiRUC committee is helping to ensure this and will need support from relevant sectors.

This is especially important given the threats to Federal incentives (Bipartisan Infrastructure Law and Inflation Reduction Act-funded programs) designed to expand the adoption of zero-emission vehicles, charging infrastructure, and clean energy.

EVs cost more than their internal combustion engine counterparts and require additional investment to install charging equipment (if fortunate enough to have a place to install a charger). If incentives designed to offset vehicle costs and expedite the installation of public charging stations are interrupted, we can expect negative pressure on adoption over the next few years.

EV (battery electric and plug-in hybrid electric vehicle) owners have been paying a \$50 surcharge since 2020 with the passage of Act 280 in 2019 – the formal implementation of the Road Usage Charge (RUC) in July 2025 will merely replace this surcharge and lay the foundation of the RUC-only program for EV owners in 2028. Importantly, all vehicle owners are already subject to a vehicle weight tax. (EV owners are also subject to potential weight-based taxes.)

Recommendation: Consider Hybrids

It is important to note that electric vehicles represent around 3% of the state's 1.1M passenger vehicles, and hybrid vehicles represent over 3%.

Notably, internal combustion engine vehicles are improving in efficiency and can increasingly be driven further with less fuel. The average miles-per-gallon (MPG) for gasoline and hybrid vehicles increased by 14% and 12%, respectively, between 2010 and 2020 (HSEO, DOT, DOE, FHWA). Light-duty hybrid cars and trucks now get over 40 miles per gallon. [Manufacturers are increasingly leveraging hybrid drivetrain technologies](#), so we might see an increase in the adoption of hybrids in the near term.

Importantly, hybrid gas vehicles have fuel efficiency ratings that mirror that of plug-in hybrid vehicles that are operating in gasoline mode. Plug-in hybrids have all-electric ranges that have improved, and drivers benefit from the electric drive for short commutes, provided they charge their vehicles. There is evidence that this is not happening¹. In situations where home charging is not feasible, plug-in hybrid owners operate their vehicles like regular gas-powered hybrids.

The MPG ratings of a plug-in hybrid operating in gas mode are lower than those of the corresponding hybrid model. Here are examples:

Make and Model	Electric Range	Fuel Economy
Kia Niro Hybrid	--	53 MPG
Kia Niro Plug-In Hybrid	33 miles	46 MPG (gas mode); 105 MPGe (electric mode)
Toyota Prius Hybrid	--	57 MPG
Toyota Prius Plug-In Hybrid	44 miles	54 MPG (gas mode); 127 MPGe (electric mode)

Source: kia.com and toyota.com

The RUC should be technology-neutral and based on actual road usage, regardless of powertrain.

We recommend the following amendments to the **HB1161 HD2 SD1**:

- Clarify the definition of “vehicles” in Section 1 of the bill. The last sentence in paragraph 1 lists ‘all’ vehicles (“the legislature required the department of transportation to develop a plan to transition all vehicles in Hawaii to a per-mile road

¹ <https://cars.usnews.com/cars-trucks/features/phev-owners-not-plugging-in> and <https://insideevs.com/news/731090/plug-in-hybrid-charging-data/>



usage charge by 2033.”). This should be explicit, e.g., ‘all light, medium, and heavy-duty road vehicles, regardless of propulsion technology...’”

- State the intended replacement of the existing \$50 EV Surcharge with the \$50 flat rate RUC starting in July 2025.
- Include hybrid vehicles in the County Road Usage Fee recommendation - July 1, 2028.
- Include hybrid vehicles in the State Road Usage Fee - July 1, 2028.

Thank you for the opportunity to testify.

Sincerely,

Noel Morin
President
Hawaii EV Association

Hawaii EV Association is a grassroots non-profit group representing electric vehicle owners in Hawaii. Our mission is to accelerate the electrification of transportation through consumer education, policy advocacy, and electric vehicle charging infrastructure expansion. For more information, please visit hawaiiev.org.



Robert Muhs, Esq.

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& Counsel

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Senator Donovan Dela Cruz, Chair
Senator Sharon Moriwaki, Vice Chair
Committee on Ways and Means

Friday, April 4, 2025; 10:46 a.m.
Conference room 211 & Videoconference

RE: HB 1161 HD2 SD1 - Relating to Transportation – Comments

Aloha Chair Dela Cruz, Vice Chair Moriwaki and members of the committee:

My name is Robert Muhs, Vice President, Government Affairs & Counsel for Avis Budget Car Rental, LLC ("ABCR"). On behalf of ABCR, I would like to provide comments on HB 1161 HD2 SD1 which, among other things, authorizes a county to impose a mileage-based road usage charge on electric vehicles. The bill also specifies that rental motor vehicle companies may visibly pass the costs of the mileage-based road usage charges to the consumer.

We would like to thank the Department of Transportation for being good partners and acknowledging the challenges the rental car industry faces with implementation of this program.

A flat fee for the county and state road usage charge program, rather than a miles-traveled formula, is an optimal solution for rental car companies as we can't calculate such amount until the annual submission is made on odometer reading and recovery as contemplated in 437-D on a transaction basis becomes impossible to achieve. First, there would be difficulty processing such charges through a credit card several months after the calculation is made. In addition, it will raise significant customer service issues.

We look forward to working with the Department of Transportation in the interim on how the program will be implemented by the rental car industry.

Thank you for the opportunity to submit comments.

DATE: April 3, 2025

TO: Senator Donovan Dela Cruz
Chair, Committee on Ways and Means

Senator Sharon Moriwaki
Vice Chair, Committee on Ways and Means

FROM: Tiffany Yajima

RE: **H.B. 1161, H.D.2, S.D.1 - Relating to Transportation**

Hearing Date: Friday, April 4, 2025 at 10:46 a.m.
Conference Room: 211

Dear Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee on Ways and Means:

On behalf of the Alliance for Automotive Innovation (“Auto Innovators”) we submit this testimony with **comments** in support of H.B. 1161, H.D.2, S.D.1, Relating to Transportation, which among other things authorizes the counties to impose a mileage-based road usage charge. Auto Innovators represents the full auto industry, a sector supporting 10 million American jobs and five percent of the economy. From the manufacturers producing most vehicles sold in the U.S. to autonomous vehicle innovators to equipment suppliers, battery producers and semiconductor makers – the association is committed to a cleaner, safer and smarter personal transportation future.

Auto Innovators supports the amendments made in the S.D.1 to ensure that the county RUC for electric vehicles will be comparable to but no higher than the county gas tax equivalent for gasoline vehicles. This amendment would ensure that all vehicles are similarly assessed regardless of the vehicle’s technology and method of propulsion.

Auto Innovators also supports amendments made in the S.D.1 to remove plug-in hybrid vehicles (PHEVs) from the RUC. Since PHEVs have traditional fuel tanks that power an internal combustion engine and also use batteries to power an electric motor, drivers of PHEVs would not only pay for their vehicle miles traveled but would also pay the gas tax on fuel used under this scenario. Auto Innovators suggests a conforming amendment to the purpose section of the bill at page 3, lines 6-7, number (4), to remove reference to plug-in hybrid vehicles as follows:

~~(4) Beginning July 1, 2026, extend the state mileage-based road-usage charge to plug-in hybrid electric vehicles;~~

Mahalo for the opportunity to submit this testimony.



Testimony of the Oahu Metropolitan Planning Organization

SENATE COMMITTEE ON WAYS AND MEANS

Friday, April 4, 2025 at 10:46AM
CR 211 & Videoconference

HB1161 HD2 SD1
RELATING TO TRANSPORTATION.

Dear Chair Dela Cruz, Vice Chair Moriwaki, and Committee Members,

The Oahu Metropolitan Planning Organization (OahuMPO) **supports HB1161 HD2 SD1** regarding the implementation of a mileage-based road use charge.

This bill is consistent with several goals of the Oahu Regional Transportation Plan including investing in maintenance to preserve transportation facilities, promoting an equitable and affordable transportation system, and achieving State and County commitments to the environment in the operations of the transportation system.

The fuel tax is currently the primary source of transportation funding used to build and maintain the roadways. However, it has not kept up with inflation and improved vehicle fuel economy, so the gap between needs and revenue continues to grow. A per-mile road usage charge offers a stable source of funding that is aligned with the State's clean energy goals as it is not based on fuel consumption or impacted by alternative fuels.

The OahuMPO is the federally designated Metropolitan Planning Organization (MPO) on the island of Oahu responsible for carrying out a multimodal transportation planning process, including the development of a long-range (25-year horizon) metropolitan transportation plan, referred to as the Oahu Regional Transportation Plan (ORTP), which encourages and promotes a safe, efficient, and resilient transportation system that serves the mobility needs of all people and freight (including walkways, bicycles, and transit), fosters economic growth and development, while minimizing fuel consumption and air pollution ([23 CFR 450.300](#)).

Mahalo for the opportunity to provide testimony on this measure.



Email: communications@ulupono.com

SENATE COMMITTEE ON WAYS AND MEANS
Friday, April 4, 2025 — 10:46 a.m.

Ulupono Initiative supports HB 1161 HD 2 SD 1, Relating to Transportation.

Dear Chair Dela Cruz and Members of the Committee:

My name is Micah Munekata and I am the Director of Government Affairs at Ulupono Initiative. We are a Hawai'i-focused impact investment firm that strives to improve the quality of life throughout the islands by helping our communities become more resilient and self-sufficient through locally produced food, renewable energy, clean transportation choices, and better management of freshwater resources.

Ulupono supports HB 1161 HD 2 SD 1, which, beginning 7/1/2028, authorizes a county to impose a mileage-based road usage charge (RUC) on electric vehicles; provides and requires a county to establish the rate of the charge; repeals the requirements of the Department of Transportation to establish county subaccounts within the State Highway Fund; clarifies the disposition of funds for state mileage-based RUC; clarifies the rate and calculation of the state mileage-based RUC; specifies that rental motor vehicle companies may visibly pass the costs of the mileage-based RUC to the consumer; and expands allowable uses of the State Highway and Highway Funds.

As the State transitions towards implementation of an RUC, we believe that the counties should have the same opportunity. It will help provide harmonization across transportation taxes and support the overall transition to an RUC.

Thank you for the opportunity to testify.

Respectfully,

Micah Munekata
Director of Government Affairs

Investing in a Sustainable Hawai'i

TAX FOUNDATION OF HAWAII

735 Bishop Street, Suite 417

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: MOTOR VEHICLE; State Mileage-Based Road Usage Charge; County Mileage-Based Road Usage Charge

BILL NUMBER: HB 1161 HD 2 SD 1

INTRODUCED BY: Senate Committees on Transportation and Culture and the Arts and Energy and Intergovernmental Affairs

EXECUTIVE SUMMARY: Beginning 7/1/2028, authorizes a county to impose a mileage-based road usage charge on electric vehicles. Provides and requires a county to establish the rate of the road usage charge. Repeals the requirement for the Department of Transportation to establish county subaccounts within the State Highway Fund. Clarifies the disposition of funds for state mileage-based road usage charge. Clarifies the rate and calculation of the state mileage-based road usage charge. Specifies that rental motor vehicle companies may visibly pass the costs of the mileage-based road usage charges to the consumer. Expands allowable uses of the State Highway and Highway Funds. Appropriates funds.

SYNOPSIS: Adds three new sections to chapter 249, HRS to provide counties authority to impose a county mileage-based road usage charge (“county usage charge”) on electric vehicles beginning July 1, 2028. If established, for the first registration renewal for which no certificate of inspection is required, the county usage charge of \$50 will be assessed, which shall be subtracted from the calculation of the county usage charge upon the vehicle’s second registration renewal

The county usage charge shall be calculated at the rate established under section 249-B, multiplied by the number of miles traveled, less the estimated amount of paid county fuel taxes that correspond with the number of miles traveled. Miles traveled shall be determined by odometer readings that are taken during the annual safety check inspection.

For purposes of the county usage charge, “electric vehicle” has the same meaning as in section 249-36, HRS, for the state mileage-based road usage charge.

Section 249-B allows each county to establish its’ county usage charge; provided the amount shall be comparable to the county fuel tax and no more than the estimated county fuel tax.

Section 249-C provides the charges shall be deposited into the respective county highway fund and will be spent in the counties from which the fees originated. The amount of the county road usage charge will be determined by each county through adoption of an appropriate ordinance following a public hearing.

Amends section 248-9(a)(1), HRS, to allow the state highway fund to also be used for:

- Infrastructure and related appurtenances for ground transportation facilities pursuant to section 264-142;
- Purposes and functions connected with traffic control and preservation of safety upon the public highways and streets, and
- Other measures to reduce vehicle miles traveled.

Repeals section 248-9(c), HRS, which allowed county subaccounts within the state highway fund to have been used for state highway road capacity projects in the respective county..

Amends section 249-36(a), HRS to limit the state mileage-based road usage charge to no more than \$50 until June 30, 2028.

EFFECTIVE DATE: July 1, 3000.

STAFF COMMENTS: This is an Administration bill sponsored by the Department of Transportation and designated TRN-09 (25). It extends authority to the counties to establish a mileage-based road usage charge, similar to the state mileage-based road usage charge. It applies to electric vehicles.

Act 222, SLH 2023, authorizes a program called HiRUC that has been in the works for a few years now. That act applies a state mileage-based road usage charge to electric vehicles, supposedly in lieu of the fuel tax that such vehicles are not paying.

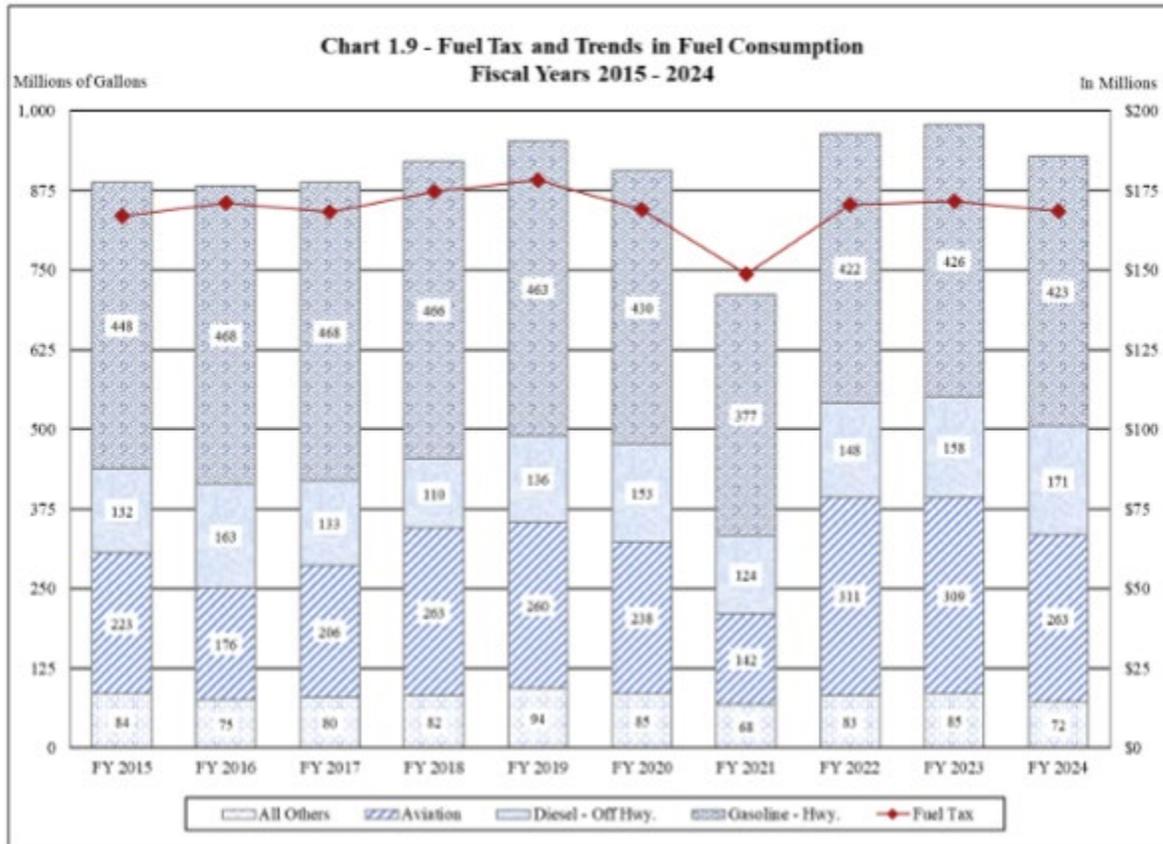
Because the counties also impose fuel taxes and they also face the problem of having to maintain the highways and byways with more vehicles that are on the roads but that are not burning fossil fuel, this bill is a logical add-on to HiRUC.

We observe that the State's policy toward electric and other zero-emission vehicles has not been consistent. In the early 2010's, State policy was to incentivize such vehicles for being environmentally friendlier. Several benefits came with the special plate that accompanied an electric vehicle, including the ability to park at government parking lots (including at the airport!) and street spaces for free, and the ability to jump into carpool lanes even though there is just one person in the car. Sadly, good things don't last forever. The free parking benefit and the carpool lane benefit expired on June 30, 2020, according to the terms of the 2012 law that spawned them (Act 168, SLH 2012), although the Department of Transportation continued the carpool lane benefit administratively.

The pendulum started swinging the other way this decade. From January 1, 2020, thanks to Act 280, SLH 2019, electric vehicle owners were slapped with a \$50 surcharge on their annual vehicle registration fees.

The reason for the reversal appears to be economic: the Department of Transportation needs money to repair and construct roads, bridges, highways, and byways. Its primary source of money to do that has been the State Highway Fund, which is fed primarily by the fuel tax. As electric vehicles and other alternative fuel vehicles gain acceptance, however, the theory is that fewer people will buy fuel, leading to the fuel tax slowly drying up. As it turns out, however,

fuel consumption does not seem to have plateaued yet, although it did take a pandemic bounce in FY 2021:



Source: Department of Taxation Annual Report 2023-24, at 20.

Are electric vehicles, plug-in hybrids, and alternative fuel vehicles to be incentivized for their environmental benefits or surcharged because they aren't generating enough fuel tax revenue to pay for their fair share of transportation maintenance? The State and the public could benefit by having leadership and consistent policy relating to electric vehicles and other zero emission vehicles.

Digested: 4/3/2025

DATE: April 3, 2025

TO: Senator Donovan Dela Cruz
Chair, Committee on Ways and Means

Senator Sharon Moriwaki
Vice Chair, Committee on Ways and Means

FROM: Tiffany Yajima

RE: **H.B. 1161, H.D.2, S.D.1 – Relating to Transportation**
Hearing Date: Friday, April 4, 2025 at 10:46 a.m.
Conference Room: 211

Dear Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee on Ways and Means:

We submit this testimony on behalf of Enterprise Mobility, which includes Enterprise Rent-A-Car, Alamo Rent-A-Car, National Car Rental, and Enterprise Commute (Van Pool).

Enterprise Mobility submits these **comments** on H.B. 1161, H.D.2, S.D.1.

With the growing uptake in electrical vehicle usage, state and county fuel tax revenue is declining. This measure is intended to establish a mileage-based road usage charge at the county level to ensure that the counties continue to receive a sustainable source of transportation funding. This measure also provides updates to the state RUC program.

Enterprise supports the intent of this measure and would support additional amendments to facilitate the rental car industry's transition to the state and county RUC program. For example, Enterprise supports language that would establish a flat fee on rental car for the state and county RUC program.

Enterprise also supports language currently in the bill to allow the rental motor vehicle industry to visibly pass on to renters the state and county mileage-based road usage charges that are incurred while renting a vehicle. As it stands today, rental car customers pay for their own fuel for the duration of the vehicle rental and can choose to fill the tank on their own or pre-pay on return of the vehicle rental. The gas tax for that fuel is paid for at the pump by the customer. The road usage charge program requires assessing a fee for each mile driven, rather than taxing fuels at the time of purchase. Since rental car drivers are not owners of the vehicle, the rental car company would receive a RUC statement and be responsible as the owner of a vehicle. A flat fee for the rental motor vehicle industry would streamline implementation of the RUC and assist with the transition to this state and county program.

Thank you for the opportunity to submit this testimony.



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Senator Donovan Dela Cruz, Chair
Senator Sharon Moriwaki, Vice Chair
Committee on Ways and Means

Friday, April 4, 2025, 10:46 a.m.
Conference room 211 & Videoconference

RE: HB 1161 HD2 SD1 - Relating to Transportation – Comments

Aloha Chair Dela Cruz, Vice Chair Moriwaki and members of the committee:

Servco appreciates this opportunity to offer comments on HB 1161 HD2 SD1 which, among other things, authorizes a county to impose a mileage-based road usage charge on electric vehicles beginning July 1, 2028.

We appreciate the previous Committees' amendment to remove language that would have included plug-in hybrid electric vehicles in the county mileage-based road usage charge program. It is unfair for drivers of these vehicles to pay for their vehicle miles traveled and also pay the gas tax on fuel used. However, in Section 1 of the SD1, it states, "Beginning July 1, 2026, extend the state mileage-based road-usage charge to plug-in hybrid electric vehicles". We ask that this be deleted to conform with the previous Committees' intent.

Thank you for the opportunity to provide comments.

Peter Dames
President & CEO

HB-1161-SD-1

Submitted on: 4/2/2025 5:17:16 PM

Testimony for WAM on 4/4/2025 10:46:00 AM

Submitted By	Organization	Testifier Position	Testify
Douglas Perrine	Individual	Oppose	Written Testimony Only

Comments:

HB1161 is putting the cart before the horse. The most urgent need of the State is to increase the number of evs on the road to rapidly reduce our greenhouse gas emissions. Raising fossil fuel taxes will incentivize this goal while raising revenue. HB1161 will disincentivize ev adoption. Furthermore, the inclusion of PHEVs in this measure exposes owners of those vehicles to double taxation, as they will end up paying both mileage charges AND fuel taxes. Please table this bill until such time as more than 50% of the vehicles on Hawaii's roads are evs.

HB-1161-SD-1

Submitted on: 4/2/2025 9:34:45 PM

Testimony for WAM on 4/4/2025 10:46:00 AM

Submitted By	Organization	Testifier Position	Testify
Jacob Wiencek	Individual	Comments	Written Testimony Only

Comments:

Aloha Committee Members,

While I am inclined to support the concept behind and rationale for this proposal, I am worried about it adding to our already high and stressful tax burden. Fuel and other taxes are already high here. Adding to that burden will hurt working- and middle-class families the most.

I respectfully ask the Committee to consider a phased reduction of the state gas tax that proportionally reduces the tax burden a vehicle miles tax would impose.

LATE

HB-1161-SD-1

Submitted on: 4/3/2025 9:08:21 PM

Testimony for WAM on 4/4/2025 10:46:00 AM

Submitted By	Organization	Testifier Position	Testify
Michael A. Cobb Jr	Individual	Oppose	Written Testimony Only

Comments:

I oppose this measure. The mileage charge will start with electric cars and move to all cars. We pay enough road tax, the roads are poor by design, we need better road materials and not job security for the private road crews. The Roman roads are still used in Europe, long after the fall of that Empire, they used materials that lasted this long. Why can't we with our improved technology build better, longer lasting, and more efficient roads?