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

January 30, 2025  
10:00 A.M.  
State Capitol, Room 430 & Videoconference

**H.B. 1161**  
**RELATING TO TRANSPORTATION**

House Committee on Transportation

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The Department of Transportation (DOT) **Supports H.B. 1161** 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.

Hawai'i DOT is funded from user fees like the gas tax that pay for maintenance and improvements to roadways and that serve as a state match for federal funding. However, as we work to achieve our zero emission goals by promoting the adoption of fuel efficient and electric vehicles, gas tax revenue is trending downward and is expected to continue to do so in the coming years. To maintain funding for our roads and bridges, HDOT embarked on a multi-year research and public outreach project, the Hawai'i Road Usage Charge Demonstration Project (HiRUC), to identify how to implement a mileage-based road usage charge, a fee based on how many miles a person drives.

Based on the research and outreach, in 2023, the Hawai'i Legislature adopted the recommendations of the final report by establishing a small-scale RUC for electric vehicles (EVs) and setting Hawai'i on a path to ensure sustainable transportation revenue well into the future. Beginning on July 1, 2025, owners of EVs will be given a choice of enrolling in a per-mile state RUC or paying a flat state RUC of \$50. This choice will remain in place until July 1, 2028, when all EV owners will begin paying the per-mile state RUC. Each driver paying the per-mile state RUC will be charged \$8 for every 1,000 miles driven, with the annual amount owed capped at \$50. The state RUC program will leverage the existing periodic vehicle inspection process for mileage data collection, continuing a familiar experience for vehicle owners and minimizing costs. RUC preserves user equity like the gas tax intended, by ensuring everyone contributes based on how much they use our roads and bridges. By contrast, increasing the gas tax

puts costs on those who can least afford it – those who drive older, less fuel-efficient cars and are already paying the most in fuel costs.

It is not only the state that relies on the fuel tax to maintain roads and bridges. Counties, too, have their own fuel taxes—and are observing a similar decline in revenue. Now, as we begin implementation of the state RUC, HDOT recommends counties have the ability to enact a county RUC of their own as a long-term replacement for the county fuel tax.

H.B. 1161 provides counties with the authorization to enact a RUC consistent with the state RUC program. Counties are allowed to adopt RUC by county resolution, indicating the county-specific per-mile rate. This is optional for each county. There are two primary benefits of permitting—not requiring—counties to enact their own county RUC. First, allowing counties to enact a RUC as a replacement to the fuel tax allows counties to chart a path to sustainable transportation funding and ensure county roads and bridges are adequately maintained. Second, because collection of the state RUC will occur at county motor vehicle offices, allowing counties to also assess county RUC offers the opportunity to make administration of the program more efficient and provide drivers with a more seamless experience.

Finally, to ensure that all drivers pay for the roadways they use, this bill includes a provision to remove the cap on the maximum amount of per-mile state RUC owed by a vehicle owner, effective July 1, 2028. Removal of this cap allows for the RUC to be a true user fee—motorists will pay for all the miles they drive. The legislation also includes a provision that allows for a default fee of \$80 to be applied when there is insufficient information to calculate a RUC. This number represents the average amount a driver would pay in per-mile state RUC.

There are limited options for funding critical infrastructure like our state and county roads and bridges. Historically, the state and counties have relied on usage fees, with fuel taxation as one of the largest and most important revenue sources. Making certain that highway funding policy keeps up with changing technologies such as adoption of more fuel efficient and alternative fueled vehicles is one of the goals of the road usage charge program, and the HDOT is committed to our mission of providing a safe, efficient, and accessible transportation system for the residents of Hawai'i while also helping the state and counties achieve our clean energy objectives. H.B. 1161 offers a path forward for achieving both.

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](http://www.MauiCounty.us)

January 29, 2025

TO: The Honorable Darius K. Kila, Chair, and  
Members of the House Committee on Transportation

FROM: Alice L. Lee  
Council Chair 

SUBJECT: **HEARING OF JANUARY 30, 2025; TESTIMONY IN SUPPORT OF  
HB1161, RELATING TO TRANSPORTATION**

I **support** this measure to allow the counties to establish a mileage-based road usage charge.

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. Enabling counties to implement a mileage-based road usage charge will establish a reliable funding mechanism for road infrastructure.
2. This charge offers a sustainable and equitable solution to replace the declining revenue from county fuel taxes, ensuring continued support for the maintenance of roads and bridges.
3. Counties will also benefit from a new revenue source derived from the use of electric vehicles, which is crucial for sustaining our road and bridge infrastructure in an evolving transportation landscape.

Thank you for your consideration.

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

ADMINISTRATION

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DEPUTY DIRECTOR  
HOPE PO'O



January 29, 2025

The Honorable Darius K. Kila, Chair  
The Honorable Tina Nakada Grandinetti, Vice Chair  
and Members of the House Committee on Transportation  
State Capitol, Conference Room 430  
415 South Beretania Street  
Honolulu, Hawaii 96813

Dear Chair Kila, Vice Chair Grandinetti, and Members of the House Committee on Transportation,

SUBJECT: H.B. No. 1161 - Relating To Transportation  
HEARING: Tuesday, January 30, 2025, 10:00 a.m.

The City and County of Honolulu, Department of Customer Services (CSD), **supports** H.B. No. 1161 which authorizes counties to establish a county mileage-based road usage charge (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 for your committee's consideration.

Based on the findings and recommendations from the Hawai'i Department of Transportation's multi-year RUC research project, the Hawai'i 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.

H.B. No. 1161 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. It would also offer the opportunity to make implementation and collection of the RUC more efficient. Further, enacting a county RUC program will lower administrative costs to the state and county agencies tasked with implementing a RUC and create more efficiency and simplicity for drivers.

For the reasons above, CSD supports this measure.

Thank you for this opportunity to provide testimony in support of H.B. No. 1161.

Sincerely,

Kimberly M. Hashiro  
Director Designate

# 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, SB 1480

**INTRODUCED BY:** HB by NAKAMURA by request, SB by KOUCHI by request (Governor's Package)

**EXECUTIVE SUMMARY:** 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 state mileage-based road usage charge on June 30, 2028. Establishes a default state mileage-based road usage charge rate when missing, incomplete, or incorrect odometer reading information that will prevent the state mileage-based road usage charge from being calculated. Establishes a state mileage-based road usage charge subaccount to allow for the disbursements or reimbursements back to vehicle owners.

**SYNOPSIS:** Adds three new sections to chapter 249, HRS. Provides the counties authority to impose a county mileage-based road usage charge on electric vehicles beginning July 1, 2028. . For the first registration renewal for which no certificate of inspection is required, owners are offered a choice to pay a \$50 registration surcharge in lieu of the county mileage- based road usage charge.

The mileage charged will be determined by odometer readings that are taken during the annual safety check process. The charges will be deposited in the 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( 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, and instead establishes a state mileage-based road usage charge subaccount..

**EFFECTIVE DATE:** Upon approval

**STAFF COMMENTS:** This is an Administration bill sponsored by the Department of Transportation and designated TRN-09 (25).

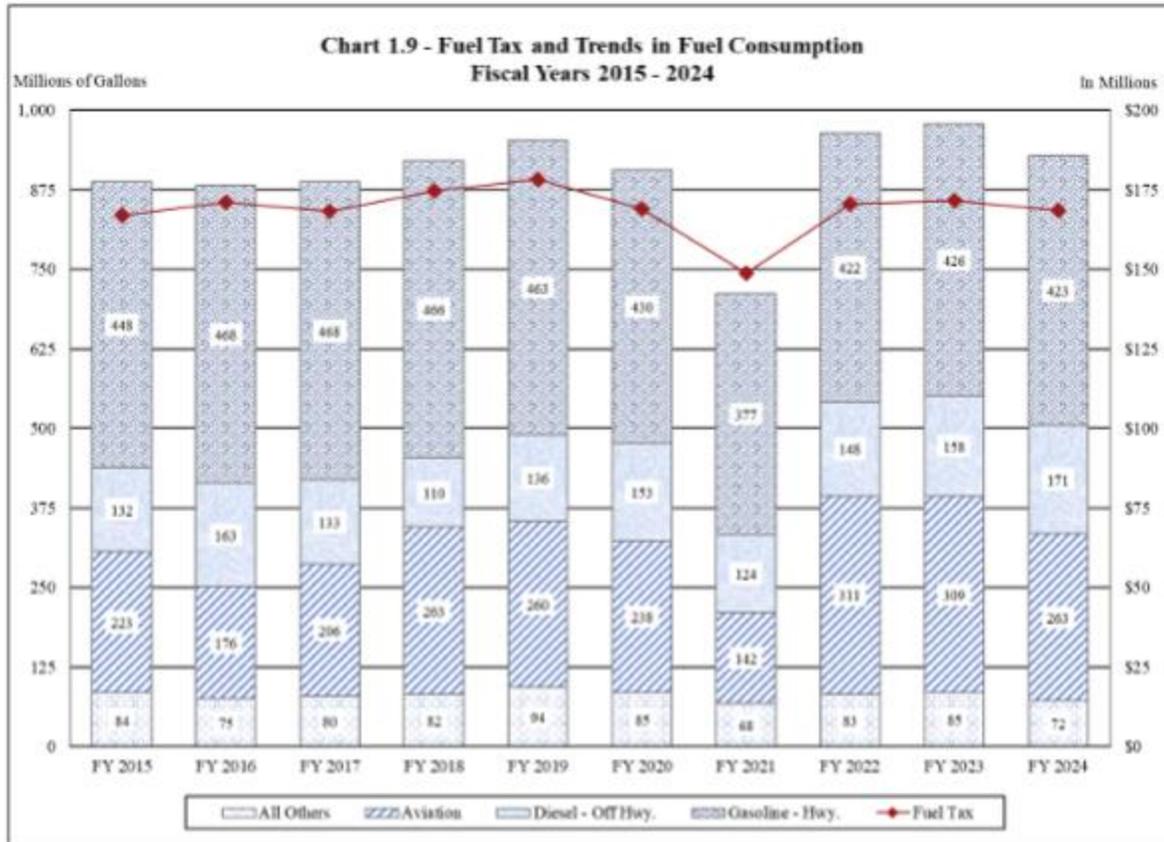
Act 222, SLH 2023, authorizes a program called HiRUC that has been in the works for a few years now. That act applies a state mileage-based road usage charge to electric vehicles, supposedly in lieu of the fuel tax that such vehicles are not paying.

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 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: 1/28/2025



**SanHi**

GOVERNMENT STRATEGIES  
A LIMITED LIABILITY LAW PARTNERSHIP

DATE: January 30, 2025

TO: Representative Darius K. Kila  
Chair, Committee on Transportation

FROM: Tiffany Yajima

RE: **H.B. 1161 - Relating to Transportation**  
**Hearing Date: Thursday, January 30, 2025 at 10:00 a.m.**  
**Conference Room: 430**

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Dear Chair Kila, Vice Chair Grandinetti, and Members of the Committee on Transportation:

On behalf of the Alliance for Automotive Innovation (“Auto Innovators”) we submit this testimony with **comments** on H.B. 1161, Relating to Transportation, which authorizes the counties to impose a mileage-based road usage charge, and request an amendment.

The Alliance for Automotive Innovation 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.

To ensure that all vehicles - gasoline and electric - contribute a similar amount of tax via the gas tax on gasoline cars and the RUC on EVs, Auto Innovators request the following language be added at page 5, line 12 as follows:

The amount of the county mileage-based road usage charge shall be comparable to the county fuel tax and no more than the estimated county fuel tax.

Nationally, gas tax revenues are in decline due in part to greater vehicle fuel efficiency and growing consumer adoption of electric vehicles. To address the decline, in 2023 the state adopted a state road usage charge for EVs beginning July 1, 2025, based on a 0.8 cent per mile calculation or a flat fee of no more than \$50 per year until June 30, 2028, after which all EVs will pay the RUC.

This measure permits the counties to establish a similar county-based road usage charge in place of the county fuel tax. Beginning July 1, 2028, the counties

would be authorized to determine the county-based RUC by resolution to any rate determined by the county.

The additional language would allow the counties after beginning July 1, 2028, to set the county RUC by resolution but at a rate no higher than the gas tax equivalent for gasoline vehicles under a county gas tax. It would also ensure that all vehicles are similarly assessed regardless of the vehicle's technology and method of propulsion.

Thank you for your consideration of this request and mahalo for the opportunity to submit this testimony.

**HB-1161**

Submitted on: 1/28/2025 12:31:12 PM

Testimony for TRN on 1/30/2025 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Victor K. Ramos	Individual	Oppose	Written Testimony Only

Comments:

I oppose the passage of this bill. This is just another angle of increasing funds (tax) to an already overtaxed citizenry.

**HB-1161**

Submitted on: 1/29/2025 12:01:02 PM

Testimony for TRN on 1/30/2025 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Robert Souza	Individual	Oppose	Written Testimony Only

Comments:

I oppose this measure.

This serves to penalize those of us that drive longer distances to commute to and from work.

I travel, at minimum, 300 miles/week just to go to and from work. This is 14,400 miles per year.

Add up to 200 miles travel on weekends = another 5200 miles per year.

Thats almost 20,000 miles annually.

I already pay a higher tax rate because my vehicle is more than #6500 Now you are willing to tax us again?

We already pay one of the highest fuel taxes, highest motor vehicle taxes in the country.

please do not pass this legislation. its already hard enough to make ends meet.