



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

February 11, 2025
3:00 P.M.
State Capitol, Room 224 & Videoconference

S.B. 1480
RELATING TO TRANSPORTATION

Senate Committee on Transportation and Culture and the Arts
Senate Committee on Energy and Intergovernmental Affairs

The Hawaii Department of Transportation (HDOT) **supports S.B. 1480** 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.

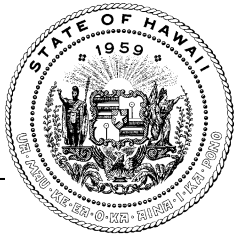
Hawaii's four counties pay for the maintenance and improvements of county roads through user fees like the county fuel tax. Like the state fuel tax, the county fuel tax revenue is also declining, leaving counties with less revenue for maintenance and improvements. As a result, the counties are interested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

S.B. 1480 provides the counties with the authorization to enact 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 is supportive of the legislation, the HDOT proposes the following amendments:

- Strike Section 1, Page 2, Lines 18 – 19; Section 3, Page 9, Lines 20 – 22; Section 5, Page 13, Lines 8 – 16. This amendment deletes the language regarding the establishment of a state mileage-based road usage charge subaccount within the state highway fund.

Thank you for the opportunity to provide testimony.



HAWAII STATE ENERGY OFFICE STATE OF HAWAII

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Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804

Telephone:
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JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR

MARK B. GLICK
CHIEF ENERGY OFFICER

(808) 451-6648
energy.hawaii.gov

Testimony of
MARK B. GLICK, Chief Energy Officer

before the
**SENATE COMMITTEES ON
TRANSPORTATION AND CULTURE AND THE ARTS
AND
ENERGY AND INTERGOVERNMENTAL AFFAIRS**

Tuesday, February 11, 2025
3:00 PM
State Capitol, Conference Room 224 and Videoconference

In Support of
SENATE BILL 1480

RELATING TO TRANSPORTATION.

Chairs Lee and Wakai, Vice Chairs Inouye and Chang, and Members of the Committees, the Hawai'i State Energy Office (HSEO) support SB 1480 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.

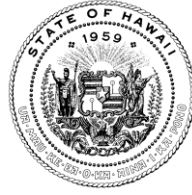
As Hawai'i works toward decarbonizing its transportation sector and transitioning to cleaner, more sustainable transportation options, securing a reliable and equitable source of funding for transportation infrastructure is essential. SB 1480 aligns with the state's decarbonization goals by allowing 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 increases.

Additionally, we support the establishment of a state mileage-based road usage charge subaccount within the state highway fund to manage the collection of fees and the disbursement of reimbursements. This mechanism is crucial for ensuring that funds are directed toward essential transportation infrastructure needs, and we encourage continued collaboration with Department of Transportation to ensure that these funds are allocated efficiently and transparently.

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.



JOSH GREEN, M.D.
GOVERNOR | KE KIA'ĀINA

SYLVIA LUKE
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA

STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAI'I
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
KA 'OIHANA PILI KĀLEPA
335 MERCHANT STREET, ROOM 310
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HONOLULU, HAWAII 96809
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NADINE Y. ANDO
DIRECTOR | KA LUNA HO'OKELE

DEAN I HAZAMA
DEPUTY DIRECTOR | KA HOPE LUNA HO'OKELE

Testimony of the Department of Commerce and Consumer Affairs

Before the
Senate Committees on Transportation and Culture and the Arts
and
Energy and Intergovernmental Affairs
Tuesday, February 11, 2025
3:00 p.m.
State Capitol, Conference Room 224 and via Videoconference

On the following measure:
S.B. 1480, RELATING TO TRANSPORTATION

Chair Lee, Chair Wakai, and Members of the Committee:

My name is Jerry Bump, and I am the Acting Insurance Commissioner of the Department of Commerce and Consumer Affairs' (Department) Insurance Division. The Department offers comments on this bill.

The purpose of this bill is to provide authority for a county to impose a mileage-based road usage charge; provide for disposition of funds of county mileage-based road usage charge; clarify the disposition of funds of state mileage-based road usage charge; repeal the maximum amount a driver will pay in a state mileage-based road usage charge on June 30, 2028; establish 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; and establish a state mileage-based road usage charge subaccount to allow for the disbursements or reimbursements back to vehicle owners.

While we appreciate the intent of the bill, the Department notes that removing the term “motor scooter” from the definition of “motor vehicle” under section 431:10C-103, Hawaii Revised Statutes (HRS) affects both articles 10C and 10G.

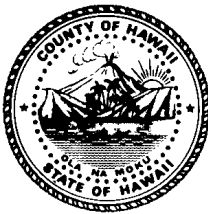
The Insurance Code separates the insurance coverage requirements for motor vehicles, article 10C, from motor scooters, article 10G. HRS § 431:10C-103 defines a motor vehicle as “any vehicle of a type required to be registered under chapter 286 . . . but *not including* motorcycles and motor scooters.” (emphasis added). Motor scooters fall within the definition of a motor vehicle under HRS § 286-2; therefore, as a motor vehicle, owners are required to register their motor scooters in the county where it will be operated pursuant to HRS § 286-41(a).

By removing the term “motor scooters” from HRS § 431:10C-103, it will no longer be excluded from article 10C because it qualifies as a “vehicle of a type required to be registered under chapter 286.” As such, article 10C would now apply to motor scooters, including the insurance coverage requirements under HRS § 431:10C-301. This would create confusion for insurers and riders because article 10G, and specifically its insurance requirements under HRS § 431:10G-301, remains applicable to motorcycles and motor scooters.

To maintain consistency, we respectfully ask that the term “motor scooters,” as referenced in section 6, page 14, lines 1-2, not be removed from the definition of HRS § 431:10C-103.

Thank you for the opportunity to testify.

HEATHER L. KIMBALL
COUNCIL DISTRICT 1
(North Hilo, Hāmākua, and portion of
Waimea)



Phone: (808) 961-8828
Fax: (808) 961-8912
Email: Heather.Kimball@hawaiicounty.gov

HAWAI'I COUNTY COUNCIL

25 Aupuni Street, Ste. 1402.
Hilo, Hawai'i 96720

February 10, 2025

Senate Committee on Transportation and Culture and the Arts
Honorable Senator Chris Lee, Chair
Honorable Senator Lorraine R. Inouye, Vice Chair

Senate Committee on Energy and Intergovernmental Affairs
Honorable Senator Glenn Wakai, Chair
Honorable Senator Stanley Chang, Vice Chair
Submission via online testimony only

RE: **Support of SB1480**

Dear Chair Lee, Vice Chair Inouye, Chair Wakai, Vice Chair Chang, Members of the Committee on Consumer Protection and Commerce, and Members of the Committee on Energy and Intergovernmental Affairs:

As the sitting Council Member for Council District 1, I thank you for the opportunity to submit **testimony in SUPPORT of SB1480.**

Hawai'i's counties rely on fuel tax revenue for road maintenance and improvements. However, as more drivers transition to electric vehicles, fuel tax revenues continue to decline. SB1480 provides a sustainable and equitable funding mechanism for maintaining and improving county roads by ensuring that all vehicle owners contribute to roadway infrastructure, regardless of fuel type, through a road usage charge (RUC).

Enabling counties to implement their own RUC rates consistent with the state RUC system allows for an efficient process with a seamless experience for the public. That said, I respectfully suggest the following amendments to SB1480 to ensure clarity:

- **Strike Section 1, Page 2, Lines 18 – 19; Section 3, Page 9, Lines 20 – 22; Section 5, Page 13, Lines 8 – 16.** This amendment deletes the language regarding the establishment of a state mileage-based road usage charge subaccount within the state highway fund.

Thank you for the opportunity to submit testimony on this important issue. If you would like to discuss my knowledge of this matter further, please do not hesitate to contact me directly.

Sincerely,

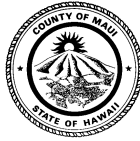
HEATHER L. KIMBALL

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

February 10, 2025

TO: The Honorable Chris Lee, Chair
Senate Committee on Transportation and Culture and the Arts

The Honorable Glenn Wakai, Chair
Senate Committee on Energy and Intergovernmental Affairs

FROM: 
Yuki Lei Sugimura
Councilmember

DATE: February 10, 2025

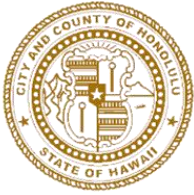
SUBJECT: **SUPPORT FOR SB 1480 RELATING TO TRANSPORTATION**

Thank you for the opportunity to testify in **support** of this measure. The purpose of this measure is to allow the counties to establish a mileage-based road usage charge.

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

1. Enabling the counties to implement a mileage-based road usage charge will establish a funding source for road infrastructure that is fair and reliable.
2. With declining revenue from county fuel taxes, the road usage charge will ensure continue maintenance of county roads and bridges.

Thank you for this opportunity to provide testimony on this important matter.



HONOLULU CITY COUNCIL

KE KANIHELA O KE KALANA O HONOLULU

530 S. KING ST. STE. 202, HONOLULU, HI 96813

TYLER DOS SANTOS-TAM
HONOLULU CITY COUNCIL
DISTRICT 6
TELEPHONE: (808) 768-5006
FAX: (808) 768-1176
EMAIL: tdossantos-tam@honolulu.gov

February 10, 2025

Senator Chris Lee, Chair of the Committee on Transportation Culture and the Arts
Senator Glenn Waikai, Chair of the Committee on Energy and Intergovernmental Affairs
Members of the Committees:

My name is Councilmember Tyler Dos Santos-Tam and I have the privilege of representing parts of downtown Honolulu on the Honolulu City and County Council. I am pleased to provide you with written testimony in support of Senate Bill 1480, which would authorize counties to enact a county-based road usage charge.

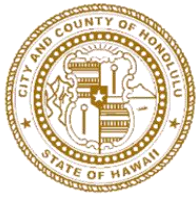
In 2023, the Hawai'i Legislature enacted the country's fourth road usage (RUC) program, designed to be a long-term, sustainable replacement for the fuel tax. Now, as implementation of the state RUC gets underway, we support the efforts by Director Sniffen and Governor Green to introduce a bill providing counties with the authorization to enact a RUC so that counties, too, can chart a path to sustainable transportation funding.

As we work to achieve our zero emission goals by promoting the adoption of fuel efficient and electric vehicles, state gas tax revenue is trending downward and is expected to continue to do so in the coming years. This trend, however, does not just affect Hawai'i DOT; it also affects the counties because, in addition to the state fuel tax, each of the four counties rely on our own county fuel tax to fund the maintenance and repair of county roads and bridges. As a result, counties also need to begin identifying new sources of sustainable revenue for the future and a county road usage charge is one of them.

As Chair of the Honolulu City Council's Budget Committee, I know that declining county fuel tax revenue is hitting our county the hardest. Gasoline consumption in Honolulu peaked in 2017 and has declined 15% since then. While this is good for our environment, it has resulted in a significant reduction in fuel tax revenue. Moreover, Honolulu, with the largest population and most vehicles of all the counties, accounts for 76% of the electric vehicles in the entire state—none of which are paying anything in fuel tax.¹ Between expected improvements in vehicle fuel economy per the U.S. Energy Information Administration and meeting EV adoption targets that put us on a pathway to 100% of new sales being zero emission vehicles by 2045, we can expect gasoline consumption to decline another 25% by 2030 and as much as 50% by 2035.

The precipitous decline in revenue from state and county fuel taxes is placing a growing burden on our ability to take care of our roads and bridges. 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. Moreover, because collection of the state road usage charge will occur at county motor vehicle offices, allowing counties to enact a county RUC offers the

¹ See January DBEDT Monthly Energy Trend Report, <https://dbedt.hawaii.gov/economic/energy-trends-2/>
DISTRICT 6 - PORTIONS OF KAKA'AKO, DOWNTOWN HONOLULU, CHINATOWN, PUNCHBOWL, PAPA'ŌLEA,
PAUOA VALLEY, NU'UANU, IWILEI, LILIHA, 'ĀLEWA HEIGHTS, KALIHI, AND KALIHI VALLEY



HONOLULU CITY COUNCIL
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Page 2 of 2

opportunity to make implementation and collection of the road usage charge more efficient and provide drivers with a more seamless experience.

The people and businesses of Hawai'i rely on safe and efficient roads and bridges. As we begin our transition to clean energy, we need to ensure that transportation funding keeps up with evolving technology. Permitting the counties to enact a RUC alongside the state allows us to do both. I urge your support of this legislation and would be pleased to answer any questions.

Sincerely,

A handwritten signature in black ink, reading "Tyler Dos Santos-Tam". The signature is fluid and cursive, with the first name "Tyler" being the most prominent.

Tyler Dos Santos-Tam
City & County of Honolulu
Councilmember, District 6

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

February 10, 2025

The Honorable Chris Lee, Chair
The Honorable Lorraine R. Inouye, Vice Chair
and Members of the Senate Committee on Transportation
and Culture and the Arts
The Honorable Glenn Wakai, Chair
The Honorable Stanley Chang, Vice Chair
and Members of the Senate Committee on Energy and
Intergovernmental Affairs
State Capitol, Conference Room 224
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Chairs Lee and Wakai, Vice Chairs Inouye and Chang, and Members of the Senate Committee on Transportation and Culture and the Arts and Senate Committee on Energy and Intergovernmental Affairs,

SUBJECT: S.B. No. 1480 - Relating To Transportation
HEARING: Tuesday, February 11, 2025, 3:00 p.m.

The City and County of Honolulu, Department of Customer Services (CSD), **supports** S.B. No. 1480, 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 S.B. No. 1480 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.

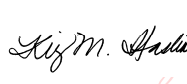
In addition to the state fuel tax, counties also rely on their own fuel tax to fund the maintenance and repair of county roads and bridges. Similar to the state fuel tax, county fuel taxes are also declining, resulting in counties having less revenue to maintain county roads and bridges. Enabling the 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.

S.B. No. 1480 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 S.B. No. 1480.

Sincerely,

 Digitally signed by
Hashiro, Kimberly
Date: 2025.02.10
08:24:57 -10'00'

Kimberly M. Hashiro
Director Designate



Testimony of the Oahu Metropolitan Planning Organization

COMMITTEE ON TRANSPORTATION AND CULTURE AND THE ARTS COMMITTEE ON ENERGY AND INTERGOVERNMENTAL AFFAIRS

Tuesday, February 11th, 2025 at 3:00PM
CR 224 & Videoconference

SB 1480 RELATING TO TRANSPORTATION.

Dear Chairs Lee and Wakai, Vice Chairs Inouye and Chang, and Committee Members,

The Oahu Metropolitan Planning Organization (OahuMPO) **supports SB1480, with a recommendation.** 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 would like to offer the following recommendation to further improve the bill, and make it more equitable to all users of the transportation system:

- Section 4(7) currently reads: *"For the acquisition, design, construction, improvement, repair, and maintenance of bikeways."* We recommend adding the words *"and walkways"* at the end of the sentence. This would allow the State and county to explicitly use this funding source to build accessible pedestrian infrastructure that supports walking and rolling (e.g., wheelchairs, etc.).

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.

OFFICE OF THE MAYOR

DEREK S.K. KAWAKAMI, MAYOR

REIKO MATSUYAMA, MANAGING DIRECTOR



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

Before the
**Senate Committees on Transportation and Culture and the Arts, and
Energy and Intergovernmental Affairs**

February 11, 2025; 3:00 PM
Conference Room 224 & Videoconference

In consideration of
Senate Bill 1480 Relating to Transportation

Honorable Chair Lee, Honorable Chair Wakai, Vice Chair Inouye, Vice Chair Chang and Members of the Committees:

The County of Kaua'i is in **support** of SB 1480 Relating to Transportation which 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; and establishes a state mileage-based road usage charge subaccount to allow for the disbursements or reimbursements back to vehicle owners for housing infrastructure projects funded by surcharge revenues.

The fuel tax is one revenue stream the four Hawai'i counties utilize for the maintenance and improvements of county roads. With the increased number of electric vehicles across our islands, like the state fuel tax, the county fuel tax revenue is declining. Providing the counties with the authorization to enact a mileage-based usage charge for electric vehicles allows for a more equitable use of our local roads and highways by our residents and visitors.

Additionally, the County of Kaua'i supports the Hawai'i Department of Transportation's proposed amendment to:

- Strike Section 1, Page 2, Lines 18 – 19; Section 3, Page 9, Lines 20 – 22; Section 5, Page 13, Lines 8 – 16. This amendment deletes the language regarding the establishment of a state mileage-based road usage charge subaccount within the state highway fund.

Mahalo for the opportunity to testify in **support** of this measure, SB 1480 Relating to Transportation.



Email: communications@ulupono.com

SENATE COMMITTEES ON TRANSPORTATION AND CULTURE AND THE ARTS
& ENERGY AND INTERGOVERNMENTAL AFFAIRS
Tuesday, February 11, 2025 — 3:00 p.m.

Ulupono Initiative supports SB 1480, Relating to Transportation.

Dear Chair Lee, Chair Wakai, and Members of the Committees:

My name is Mariah Yoshizu, and I am the Government Affairs Associate 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 SB 1480, which provides authority for a county to impose a mileage-based road usage charge (RUC); provides for disposition of funds of county mileage-based RUC; clarifies the disposition of funds of state mileage-based RUC; and, repeals the maximum amount a driver is required to pay in a state mileage-based RUC on June 30, 2028. The bill also establishes a default state mileage-based RUC rate when missing, incomplete, or incorrect odometer reading information that will prevent the state mileage-based RUC from being calculated; and establishes a state mileage-based RUC subaccount to allow for the disbursements or reimbursements back to vehicle owners.

As the State transitions towards implementation of a 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 a RUC.

We also recommend making it clear that the funds collected are eligible to help the State achieve its full multimodal mission, ensure consistency between State and county uses, and provide the greatest flexibility in decision making and allocation of funds. As such, we offer the following amendments:

- Adding “For purposes and functions connected with traffic control and preservation of safety upon the public highways and streets[.]” to the State’s eligible uses outlined in section **§248-9(a)**
 - Note: This aligns with the County’s eligible uses listed in section §249-18.
- Inserting “pedestrian walkways and bikeways” into section **§248-9(a)(1)** “To pay the costs of operation, maintenance, and repair of the state highway system, pedestrian walkways and bikeways, including without limitation, the cost of equipment and general administrative overhead;”
- Inserting “pedestrian walkways” into section **§248-9(a)(2)** “To pay the costs of acquisition, including real property and interests therein; planning; designing; construction; and

Investing in a Sustainable Hawai'i

reconstruction of the state highway system, pedestrian walkways and bikeways, including without limitation, the cost of equipment and general administrative overhead;"

- Inserting "pedestrian walkways" into section **§249-18**(7) "For the acquisition, design, construction, improvement, repair, and maintenance of pedestrian walkways and bikeways[,]"

We believe these adjustments allow the State and counties to better pursue a full suite of solutions such as system operations, new technologies, and other innovative approaches to transportation problems.

Thank you for the opportunity to testify.

Respectfully,

Mariah Yoshizu
Government Affairs Associate

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).

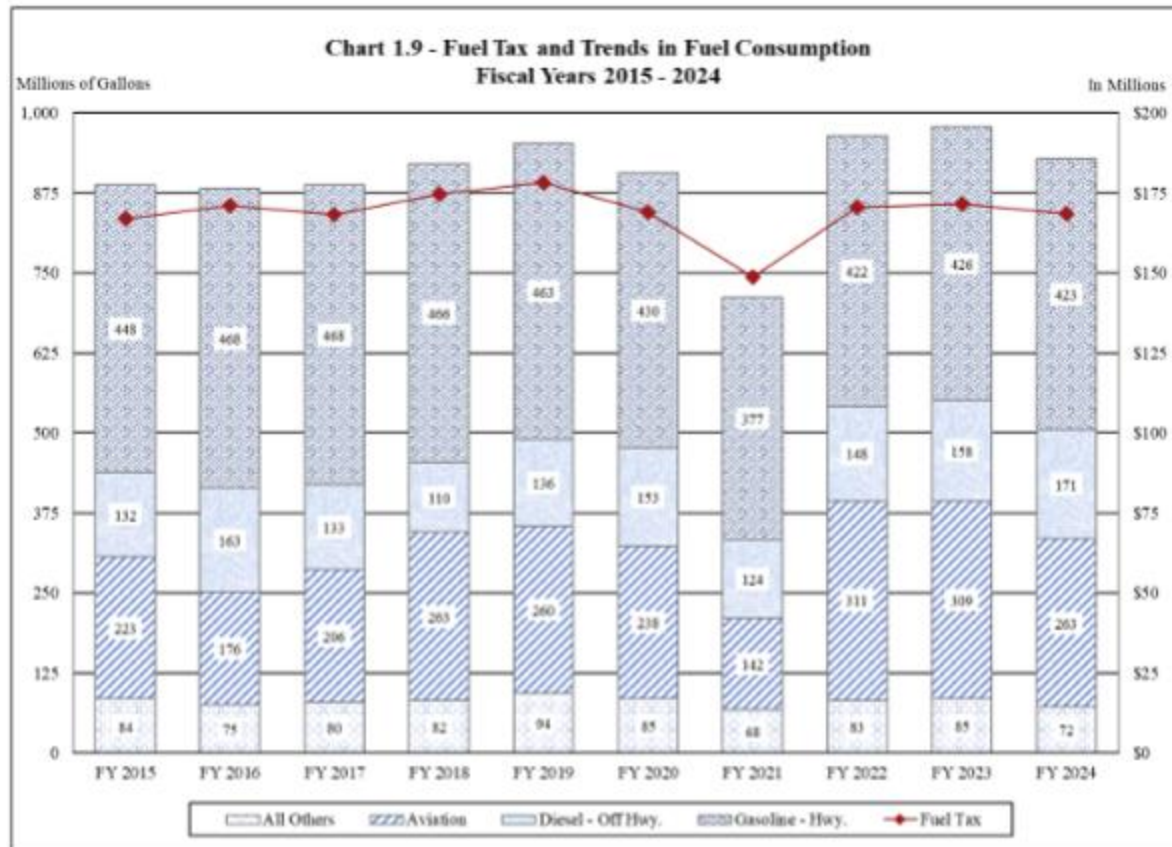
Act 222, SLH 2023, authorizes a program called HiRUC that has been in the works for a few years now. That act applies a state mileage-based road usage charge to electric vehicles, supposedly in lieu of the fuel tax that such vehicles are not paying.

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

Hawaii Electric Vehicle Association

hawaiiev.org
info@hawaiieva.com



February 10, 2025

COMMENTS FOR SB1480 (RELATING TO TRANSPORTATION)

Dear Chairs Lee and Wakai, Vice-Chairs Inouye and Chang, and Committee members,

Hawaii Electric Vehicle Association offers COMMENTS and RECOMMENDATIONS for SB1480, which *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.*

Hawaii EV supports sustainable funding for Hawaii's road infrastructure and recognizes that **SB1480** is intended to facilitate Hawaii's transition to a Road Usage-Based fee for all vehicles.

CONCERNS

We are concerned about how the rationale for this change and the program is communicated. **How this mileage-based road usage charge program is communicated and implemented can create an unnecessary barrier to EV ownership, contradicting Hawaii's clean energy and transportation goals.**

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.

Electric vehicles can 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.



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.

Road Usage fees should be technology-neutral and based on actual road usage, regardless of powertrain.

We recommend the following amendments to the **SB1480**:

- Modify the bill's language (and resultant program marketing) to emphasize how increasing vehicle efficiency across all technologies (gas, hybrid, and electric) is resulting in the need to shift to a usage-based fee structure to ensure that critical road infrastructure can be maintained and improved.
- Include hybrid vehicles in the County Road Usage Fee - 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.



SanHi

GOVERNMENT STRATEGIES

A LIMITED LIABILITY LAW PARTNERSHIP

DATE: February 10, 2025

TO: Senator Chris Lee
Chair, Committee on Transportation and Culture and the Arts

Senator Glenn Wakai
Chair, Committee on Energy and Intergovernmental Affairs

FROM: Tiffany Yajima

RE: **S.B. 1480 - Relating to Transportation**
Hearing Date: Tuesday, February 11, 2025 at 3:00 p.m.
Conference Room: 224

Dear Chair Lee, Chair Wakai, and Members of the Joint Committees:

On behalf of the Alliance for Automotive Innovation (“Auto Innovators”) we submit this testimony with **comments** on S.B. 1480, 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 to be added on page 5 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 each county shall be zero. 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.

SB-1480

Submitted on: 2/5/2025 12:09:01 PM

Testimony for TCA on 2/11/2025 3:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Ellen Awai	Individual	Support	Written Testimony Only

Comments:

In support of SB1480

SB-1480

Submitted on: 2/5/2025 9:38:47 PM

Testimony for TCA on 2/11/2025 3:00:00 PM

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

Comments:

Aloha Committee Members,

While I am usually loathe to support additional taxes, I understand the funding challenges our state and county agencies face to ensure proper maintenance of our transportation infrastructure. More fuel efficient cars and greater adoption of electric vehicles is putting negative pressure on the traditional gas tax we have relied on.

As an additional comment, I would urge this Committee to consider phasing out reliance and the burden of the gas tax as we phase in this solution.

Nevertheless, I urge the Committee to SUPPORT this bill!

SB-1480

Submitted on: 2/5/2025 7:02:01 PM

Testimony for TCA on 2/11/2025 3:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Tina Lia	Individual	Oppose	Written Testimony Only

Comments:

I'm opposed to the development of a plan to transition all vehicles in Hawai'i to a per-mile road usage charge.

SB-1480

Submitted on: 2/5/2025 8:26:51 PM

Testimony for TCA on 2/11/2025 3:00:00 PM

Submitted By	Organization	Testifier Position	Testify
TIM REIMER	Individual	Oppose	Written Testimony Only

Comments:

People can not afford any additional fees , here on Oahu. Residents can't even pay their rent and feed their families. Your bills are destroying Oahu families. They have a mortgage payment, HOA fees, house insurance, land tax, some even have flood insurance . You seem to enjoy , throwing out multiple bills , every single day. The problem

is, eighty percent of Oahu Residents will never read your page with daily proposed bills , not even having a chance to voice their opinions on the proposed bills, many will take money from their struggling household . People are giving up just trying to stay ahead of all the additional fees that you invent. You, are causing most of Oahu's stress, violence, domestic abuse even road rage on the freeway. People finish one job then drive to the next one maybe stopping to pick up the spouse . Their car is holding the family together and their most valuable possession . If you feel you are warranted to add additional stress and decrease families budgets by charging a Mileage Road Usage Tax, the results are everywhere. People aren't registering their cars, they aren't going for safety inspections and the ultimate issue, they have to save just to repair their broken cars , you have to insult them even more by charging Oahu Auto Registration Back Tax . Oahu is suffering and you are the main cause by your daily new fees and additional charges . Dont ask why Oahu has so much violence, the answer is you. Addition fees add up almost every single day for residents already working two jobs. The in home stress is being taken to schools , freeways, Waikiki, Kalihi yes even North Shore . I, oppose this bill because I, already see the suffering that residents are experiencing. When they give up you already know what happens...The residents don't have the funds to survive now but you still try to take more of their money,,,Have a Heart , show compassion and Aloha,,,Thank you,

Tim Reimer

LATE

SB-1480

Submitted on: 2/11/2025 8:31:34 AM

Testimony for TCA on 2/11/2025 3:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Germaine Meyers	Individual	Oppose	Remotely Via Zoom

Comments:

Strongly Oppose SB1480

- This bill will promote an unfair tax system punishing drivers that live in rural districts with minimal work opportunities, professional and medical services.
- Electrical vehicles use a per mile system because the State provides free fuel for their vehicles (electrical charging stations).
- The State does not provide free fuel to gasoline vehicle owners.
- Gasoline vehicle owners pay high gasoline prices, and they continue to go higher without any assistance from the state.
- Road infrastructure is poor in rural areas compared to urban Honolulu. Rural areas are forced to use one-way in-out roadways for miles, that include heavy traffic conditions creating higher gas consumption from idleness in traffic. I.e. rural or high-traffic road conditions don't get more mileage for the same gallon of gas as urban road conditions.