



STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAI'I
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
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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
House Committee on Consumer Protection and Commerce
Tuesday, February 11, 2025
2:00 p.m.
State Capitol, Conference Room 329 and via Videoconference**

**On the following measure:
H.B. 1161, H.D.1, RELATING TO TRANSPORTATION**

Chair Matayoshi 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 authorize a county to impose a mileage-based road usage charge; provide and require a county to establish the rate of the charge; clarify the disposition of funds for state mileage-based road usage charge; repeal the requirement of the Department of Transportation to establish county subaccounts within the State Highway Fund; establish the State Mileage-Based Road Usage Charge Subaccount within the State Highway Fund; and clarify the rate and calculation of the state mileage-based road usage charge.

While we appreciate the intent of the bill, the Department notes that removing the term "motor scooters" from the definition of "motor vehicle" under section 431:10C-103,

Hawaii Revised Statutes (HRS) affects both articles 10C and 10G. Page 14, lines 6 to 7.

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.



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

February 11, 2025
2:00 p.m.
State Capitol, Room 329 & Videoconference

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

House Committee on Consumer Protection and Commerce

The Hawaii Department of Transportation (HDOT) **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.

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.

H.B. 1161 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.

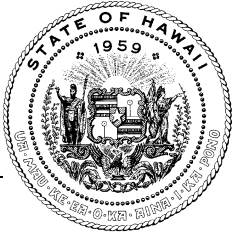
While HDOT is supportive of the legislation, HDOT proposes the following amendments:

- Strike Section 1, Page 3, Lines 4 – 5 and Section 3, Page 10, Lines 6 – 14. This amendment deletes the language regarding the establishment of a state mileage-based road usage charge subaccount within the state highway fund.
- Strike the word “registration” and re-insert the word “inspection” into Page 4,

Line 14. The re-insert of the word “inspection” clarifies that the county mileage-based RUC shall be paid after the electric vehicle’s most recent odometer reading, as collected during the electric vehicle’s inspection.

- Strike the word “surcharge” and insert the word “charge” into Page 2, Line 19. Technical amendment for the purposes of clarity, consistency, and style in addressing the county mileage-based road usage charge.

Thank you for the opportunity to provide testimony.



HAWAII STATE ENERGY OFFICE STATE OF HAWAII

235 South Beretania Street, 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804

Telephone: (808) 451-6648
Web: energy.hawaii.gov

Testimony of
MARK B. GLICK, Chief Energy Officer

before the
HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE

Tuesday, February 11, 2025
2:00 PM
State Capitol, Conference Room 329 and Videoconference

In Support of
HOUSE BILL 1161 HD1

RELATING TO TRANSPORTATION.

Chair Matayoshi, Vice Chair Chun, and Members of the Committee, the Hawai'i State Energy Office (HSEO) supports HB1161 HD1 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 HD1 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.

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 the 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.

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

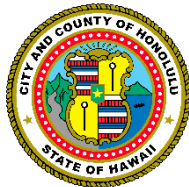
ADMINISTRATION

925 DILLINGHAM BOULEVARD, SUITE 257 • HONOLULU, HAWAII 96817
PHONE: (808) 768-3392 • FAX: (808) 768-3750 • WEBSITE: honolulu.gov

RICK BLANGIARDI
MAYOR
MEIA

KIMBERLY HASHIRO
DIRECTOR
PO'O

MEGAN JOHNSON
DEPUTY DIRECTOR
HOPE PO'O



February 10, 2025

The Honorable Scot Z. Matayoshi, Chair
The Honorable Cory M. Chun, Vice Chair
and Members of the House Committee on
Consumer Protection & Commerce
State Capitol, Conference Room 329
415 South Beretania Street
Honolulu, Hawai'i 96813

Dear Chair Matayoshi, Vice Chair Chun, and Members of the House Committee on
Consumer Protection & Commerce,

SUBJECT: H.B. No. 1161, H.D. 1 - Relating To Transportation
HEARING: Tuesday, February 11, 2025, 2:00 p.m.

The City and County of Honolulu, Department of Customer Services (CSD), **supports** H.B. No. 1161, H.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. 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.

Testimony for H.B. No. 1161, H.D. 1
February 10, 2025
Page 2

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, H.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. 1.

Sincerely,

Kimberly M. Hashiro
Director Designate

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



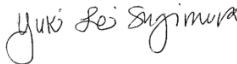
Director of Council Services
David M. Raatz, Jr., Esq.

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 Scot Z. Matayoshi, Chair
House Committee on Consumer Protection & Commerce

FROM: 
Yuki Lei Sugimura
Councilmember

DATE: February 10, 2025

SUBJECT: **SUPPORT FOR HB 1161, RELATING TO TRANSPORTATION**

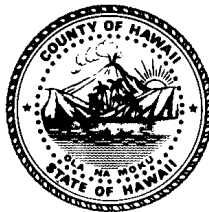
Thank you for the opportunity to testify in **support** of this measure. The purpose of this measure is to allow the counties to establish a mileage-based road usage charge.

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.

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

House Committee on Consumer Protection and Commerce
Honorable Representative Scot Z. Matayoshi, Chair
Honorable Representative Cory M. Chun, Vice Chair
Submission via online testimony only

RE: **Support of HB1161, HD1**

Dear Chair Matayoshi, Vice Chair Chun, and Members of the Committee on Consumer Protection and Commerce:

As the sitting Council Member for Council District 1, I thank you for the opportunity to submit **testimony in SUPPORT of HB1161, HD1.**

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. HB1161, HD1 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 HB1161, HD1 to ensure clarity:

- **Strike Section 1, Page 3, Lines 4–5, and Section 3, Page 10, Lines 6–14** removing references to the establishment of a state mileage-based RUC subaccount within the state highway fund.
- **Modify Page 4, Line 14**, replacing “registration” with “inspection” to ensure the county RUC is based on the most recent odometer reading collected at the vehicle inspection process.
- **Amend Page 2, Line 19**, replacing “surcharge” with “charge” for consistency.

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

Hawai'i County is an Equal Opportunity Provider and Employer.

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 Scot Z. Matayoshi, Chair
House Committee on Consumer Protection and Commerce

FROM: Alice L. Lee
Council Chair 

SUBJECT: **HEARING OF FEBRUARY 11, 2025; TESTIMONY IN SUPPORT OF HB1161, HD1, RELATING TO TRANSPORTATION**

I **support** this measure to establish a State Mileage-Based Road Usage Charge Subaccount within the State Highway Fund and authorize counties to implement a mileage-based road-usage charge for electric vehicles beginning July 1, 2028.

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 vehicle registration and allows counties to set per-mile rates tailored to local needs.
3. This measure sets fair and responsible road-usage contributions and ensures all drivers equitably support infrastructure maintenance.

Thank you for your consideration.

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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
House Committee on Consumer Protection and Commerce
February 11, 2025; 2:00 PM
Conference Room 329 & Videoconference

In consideration of **House Bill 1161 HD1 Relating to Transportation**

Honorable Chair Matayoshi, Vice Chair Chun, and Members of the Committees:

The County of Kaua'i is in **support** of HB 1161 HD1 Relating to Transportation which authorizes a county to impose a mileage-based road usage charge; provides and requires a county to establish the rate of the charge; clarifies the disposition of funds for state mileage-based road usage charge; repeals the requirement of the Department of Transportation to establish county subaccounts within the State Highway Fund; establishes the State Mileage-Based Road Usage Charge Subaccount within the State Highway Fund; and clarifies the rate and calculation of the state mileage-based road usage charge.

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 amendments to:

- Strike Section 1, Page 3, Lines 4 – 5 and Section 3, Page 10, Lines 6 – 14. This amendment deletes the language regarding the establishment of a state mileage-based road usage charge subaccount within the state highway fund.
- Strike the word "registration" and re-insert the word "inspection" into Page 4, Line 14. The re-insert of the word "inspection" clarifies that the county mileage-based RUC shall be paid after the electric vehicle's most recent odometer reading, as collected during the electric vehicle's inspection.
- Strike the word "surcharge" and insert the word "charge" into Page 2, Line 19. Technical amendment for the purposes of clarity, consistency, and style in addressing the county mileage-based road usage charge.

Mahalo for the opportunity to testify in **support** of HB 1161 HD1 Relating to Transportation.



Email: communications@ulupono.com

HOUSE COMMITTEE ON CONSUMER PROTECTION AND COMMERCE
Tuesday, February 11, 2025 — 2:00 p.m.

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

Dear Chair Matayoshi and Members of the Committee:

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 HB 1161 HD 1, which authorizes a county to impose a mileage-based road usage charge (RUC); provides and requires a county to establish the rate of the charge; clarifies the disposition of funds for state mileage-based RUC; repeals the requirements of the Department of Transportation to establish county subaccounts within the State Highway Fund; establishes the State Mileage-Based RUC Subaccount within the State Highway Fun; clarifies the rate and calculation of the state mileage-based RUC.

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;”

Investing in a Sustainable Hawai'i

- 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 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

Hawaii Electric Vehicle Association

hawaiiev.org
info@hawaiieva.com



February 10, 2025

COMMENTS FOR HB1161 HD1 (RELATING TO TRANSPORTATION)

Dear Chair Matayoshi, Vice-Chair Chun, and members of the Committee,

Hawaii Electric Vehicle Association offers COMMENTS and RECOMMENDATIONS for HB1161 HD1, which *authorizes a county to impose a mileage-based road usage charge. Provides and requires a county to establish the rate of the charge. Clarifies the disposition of funds for state mileage-based road usage charge. Repeals the requirement of the Department of Transportation to establish county subaccounts within the State Highway Fund. Establishes the State Mileage-Based Road Usage Charge Subaccount within the State Highway Fund. Clarifies the rate and calculation of the state mileage-based road usage charge.*

Hawaii EV supports sustainable funding for Hawaii's road infrastructure and recognizes that **HB1161 HD1** 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 **HB1161 HD1**:

- 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.



Testimony of the Oahu Metropolitan Planning Organization

COMMITTEE ON CONSUMER PROTECTION AND COMMERCE

Tuesday, February 11th, 2025 at 2:00PM
CR 329 & Videoconference

HB1161 HD1 RELATING TO TRANSPORTATION.

Dear Chair Matayoshi, Vice Chair Chun, and Committee Members,

The Oahu Metropolitan Planning Organization (OahuMPO) **supports with a recommendation HB1161 HD1** 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 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.

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 1

INTRODUCED BY: House Committee on Transportation

EXECUTIVE SUMMARY: Authorizes a county to impose a mileage-based road usage charge. Provides and requires a county to establish the rate of the charge. Clarifies the disposition of funds for state mileage-based road usage charge. Repeals the requirement of the Department of Transportation to establish county subaccounts within the State Highway Fund. Establishes the State Mileage-Based Road Usage Charge Subaccount within the State Highway Fund. Clarifies the rate and calculation of the state mileage-based road usage charge.

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: July 1, 3000.

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

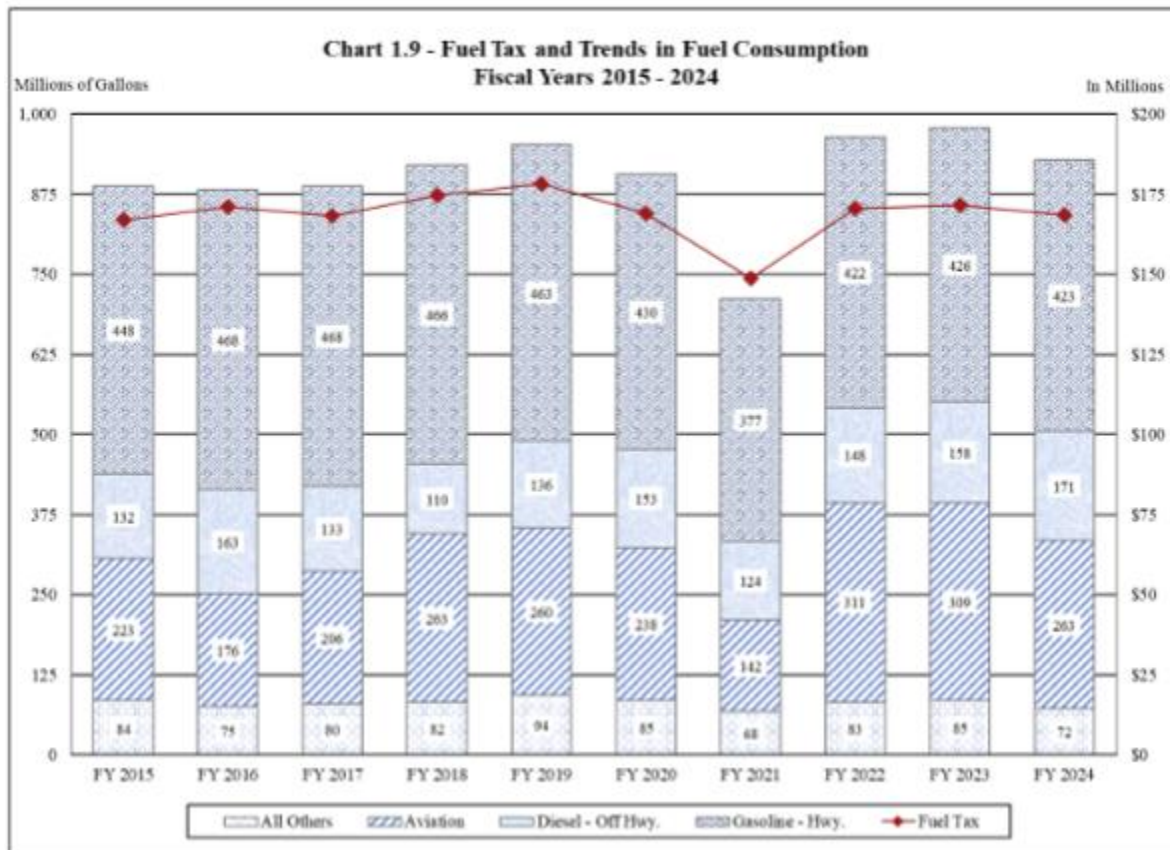
Act 222, SLH 2023, authorizes a program called HiRUC that has been in the works for a few years now. That act applies a state mileage-based road usage charge to electric vehicles, supposedly in lieu of the fuel tax that such vehicles are not paying.

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: 2/10/2025



LATE

DATE: February 11, 2025

TO: Representative Scot Matayoshi
Chair, Committee on Consumer Protection and Commerce

FROM: Tiffany Yajima

RE: **H.B. 1161, H.D.1 - Relating to Transportation**
Hearing Date: Tuesday, February 11, 2025 at 2:00 p.m.
Conference Room: 329

Dear Chair Matayoshi, Vice Chair Chun, and Members of the Committee on Consumer Protection and Commerce:

On behalf of the Alliance for Automotive Innovation (“Auto Innovators”) we submit this testimony with **comments** in support of H.B. 1161, H.D.1, Relating to Transportation, which authorizes the counties to impose a mileage-based road usage charge.

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.

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 H.D.1 version also includes language that ensures the county RUC established for EVs will be comparable to but no higher than the county gas tax equivalent for gasoline vehicles. This would ensure that all vehicles are similarly assessed regardless of the vehicle’s technology and method of propulsion.

Mahalo for the opportunity to submit this testimony.



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Gary Okimoto, Safeway, *Immediate Past Chair*

LATE

TO: Committe on Consumer Protection and Commerce
FROM: HAWAII FOOD INDUSTRY ASSOCIATION
Lauren Zirbel, Executive Director

DATE: February 11, 2025

TIME: 2pm

RE: HB1161 Relating to Transportation
Position: Comments

The Hawaii Food Industry Association is comprised of two hundred member companies representing retailers, suppliers, producers, manufacturers and distributors of food and beverage related products in the State of Hawaii.

Our local food and beverage producers, manufacturers, distributors, and suppliers incur considerable expense to bring food to our communities around the state. HFIA has some concerns that this measure could allow the Counties to apply the charge in such a way that it is more expensive than the fuel tax. If this happens this could disproportionately impact the companies that feed our state and add an additional expense to food and beverage deliveries, and by extension add more costs to food and drinks in Hawaii.

HB-1161-HD-1

Submitted on: 2/7/2025 6:22:13 PM

Testimony for CPC on 2/11/2025 2:00:00 PM

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

Comments:

Aloha Committee Members,

Proper funding for our transportation infrastructure is non-negotiable. Our current reliance on gas tax revenues is hurting due to the increasing adoption of electric vehicles and more fuel efficient cars. However, to reduce the tax burden on working- and middle-class families I encourage the Committee to consider amending this proposal to include a phase out of the gas tax as we transition to to a mileage charge.

I urge this Committee to SUPPORT this bill nonetheless!