



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

February 21, 2025
12:00 p.m.
State Capitol, Room 308 & Videoconference

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

House Committee on Finance

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, county fuel tax revenue is also declining, leaving counties with less revenue for maintenance and improvements. As a result, the counties are interested in transitioning to a mileage-based RUC as a fair and sustainable replacement for the county fuel tax.

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

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

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

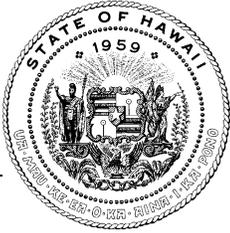
Strike Section 7, Page 16, Lines 3 – 11. This amendment is replaced and encompassed in the Section 8 amendment below.

Amend Section 8, Page 16, Line 12 – Page 17, Line 5 to read as follows:

“ SECTION 8. There is appropriated out of the state highway fund, the sum of \$5,332,800 or so much thereof as may be necessary for fiscal year 2025-2026 to be used with available federal funds and the sum of \$3,175,600 or so much thereof as may be necessary for fiscal year 2026-2027 to be used with available federal funds, for the continued implementation of the state mileage-based road user charge established pursuant to Section 249-36, Hawaii Revised Statutes; provided that the moneys appropriated for fiscal year 2025-2026 and fiscal year 2026-2027 for the purposes of this Act shall not lapse at the end of their respective fiscal year; provided further that all moneys appropriated for fiscal year 2025-2026 and fiscal year 2026-2027 that are unexpended or unencumbered as of June 30, 2028, shall lapse into the state highway fund.

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

Thank you for the opportunity to provide testimony.



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 FINANCE

Friday, February 21, 2025
12:00 PM
State Capitol, Conference Room 308 and Videoconference

In Support of
HOUSE BILL 1161 HD2

RELATING TO TRANSPORTATION.

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

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

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

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

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

Thank you for the opportunity to testify.

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 20, 2025

TO: The Honorable Kyle T. Yamashita, Chair
House Committee on Finance

FROM: Yuki Lei Sugimura
Councilmember

A handwritten signature in black ink that reads "Yuki Lei Sugimura".

DATE: February 20, 2025

SUBJECT: **SUPPORT FOR HB 1161 HD2 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.

I also support the testimony submitted by the Hawaii State Department of Transportation recommending that plug-in hybrid vehicles not be included in a RUC program until after the Long-Term Transition Plan is completed later this year.

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

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 20, 2025

TO: The Honorable Kyle T. Yamashita, Chair
House Committee on Finance

FROM: Alice L. Lee
Council Chair 

SUBJECT: **HEARING OF FEBRUARY 21, 2025; TESTIMONY IN SUPPORT OF HB1161, HD2, RELATING TO TRANSPORTATION**

I **support** this measure to authorize counties to impose a mileage-based road-usage charge for electric vehicles and plug-in hybrid 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 an electric vehicle's most recent inspection 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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COUNTY COUNCIL

Mel Rapozo, Chair
KipuKai Kualii, Vice Chair
Addison Bulosan
Bernard P. Carvalho, Jr.
Felicia Cowden
Fern Holland
Arryl Kaneshiro



OFFICE OF THE COUNTY CLERK

Jade K. Fountain-Tanigawa, County Clerk
Lyndon M. Yoshioka, Deputy County Clerk

Telephone: (808) 241-4188
Facsimile: (808) 241-6349
Email: cokcouncil@kauai.gov

Council Services Division
4396 Rice Street, Suite 209
Lihu'e, Kauai, Hawaii 96766

February 20, 2025

**TESTIMONY OF ADDISON BULOSAN
COUNCILMEMBER, KAUAI COUNTY COUNCIL
ON
HB 1161, HD 2, RELATING TO TRANSPORTATION
House Committee on Finance
Friday, February 21, 2025
12:00 p.m.
Conference Room 308
Via Videoconference**

Dear Chair Yamashita and Members of the Committee:

Thank you for this opportunity to provide testimony in SUPPORT of HB 1161, HD 2, Relating to Transportation. My testimony is submitted in my individual capacity as a member of the Kauai County Council.

I wholeheartedly support the intent of HB 1161, HD 2, which would greatly affect the Kauai community.

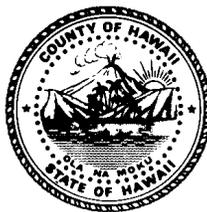
Thank you again for this opportunity to provide testimony in support of HB 1161, HD 2. Should you have any questions, please feel free to contact me or Council Services Staff at (808) 241-4188 or via email to cokcouncil@kauai.gov.

Sincerely,

ADDISON BULOSAN
Councilmember, Kauai County Council

AAO:dmc

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 20, 2025

House Committee on Finance
Honorable Representative Kyle T. Yamashita, Chair
Honorable Representative Jenna Takenouchi, Vice Chair
Submission via online testimony only

RE: **Support of HB1161, HD2**

Dear Chair Yamashita, Vice Chair Takenouchi, and Members of the Committee on Finance:

As the sitting Council Member for Council District 1, I thank you for the opportunity to submit **testimony in SUPPORT of HB1161, HD2.**

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, HD2 to ensure clarity:

Amend Section 8, Page 16, Line 12 – Page 17, Line 5 to read as follows:

“ SECTION 8. There is appropriated out of the state highway fund, the sum of \$5,332,800 or so much thereof as may be necessary for fiscal year 2025-2026 to be used with available federal funds and the sum of \$3,175,600 or so much thereof as may be necessary for fiscal year 2026-2027 to be used with available federal funds, for the continued implementation of the state mileage-based road user charge established pursuant to Section 249-36, Hawaii Revised Statutes; provided that the moneys appropriated for fiscal year 2025-2026 and fiscal year 2026-2027 for the purposes of this Act shall not lapse at the end of their respective fiscal year; provided further that all moneys appropriated for fiscal year 2025-2026 and fiscal year 2026-2027 that are unexpended or unencumbered as of June 30, 2028, shall lapse into the state highway fund.

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

Thank you for the opportunity to 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.

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

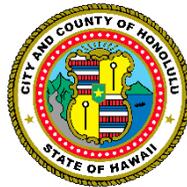
ADMINISTRATION

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 20, 2025

The Honorable Kyle T. Yamashita, Chair
The Honorable Jenna Takenouchi, Vice Chair
and Members of the House Committee on Finance
State Capitol, Conference Room 308
415 South Beretania Street
Honolulu, Hawai'i 96813

Dear Chair Yamashita, Vice Chair Takenouchi, and Members of the House Committee on Finance,

SUBJECT: H.B. No. 1161, H.D. 2 - Relating To Transportation
HEARING: Friday, February 21, 2025, 12:00 p.m.

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

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

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

In addition to the state fuel tax, counties also rely on their own fuel tax to fund the maintenance and repair of county roads and bridges. Similar to the state fuel tax, county fuel taxes are also declining, resulting in counties having less revenue to maintain county roads and bridges. Enabling the counties to enact a mileage-based county RUC as a long-term county fuel tax replacement will allow counties to secure sustainable transportation funding and ensure county roads and bridges are adequately maintained. A county RUC will provide a fair, long-term and sustainable funding approach as fuel tax revenues decline based on increasing high fuel economy vehicles, hybrids and EVs. While CSD recognizes the importance of including plug-in hybrid electric vehicles (PHEVs) in a RUC program, CSD proposes that the analysis of when and how to add other classes of vehicles into the RUC program is better suited for the Long-Term Transition Plan, which is due to the Legislature in December 2025. Forthcoming input from the Long-Term Transition Pla, and its attendant Long-Term Transition Advisory Group will inform policy changes and clarifications needed to address the complexities of identifying PHEVs in the motor vehicle registration system starting with the 2026 legislative session.

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

For the reasons above, CSD supports this measure.

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

Sincerely,

Kimberly M. Hashiro
Director Designate

RICHARD T. BISSEN, JR.
Mayor

JOSIAH K. NISHITA
Managing Director



OFFICE OF THE MAYOR
COUNTY OF MAUI
200 SOUTH HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.mauicounty.gov

TO: Representative Kyle T. Yamashita, Chair
Representative Jenna Takenouchi, Vice Chair
Committee on Finance

FROM: Richard T. Bissen, Jr., Mayor
Marcy Martin, Director of Finance

DATE: February 20, 2025

SUBJECT: **SUPPORT OF HB 1161 HD2, RELATING TO TRANSPORTATION**

Thank you for the opportunity to testify in **SUPPORT** of this important measure. The bill, beginning 7/1/2028, authorizes a county to impose a mileage-based road usage charge on electric vehicles and plug-in hybrid electric vehicles. Provides and requires a county to establish the rate of the road usage charge. Repeals the requirement for the Department of Transportation to establish county subaccounts within the State Highway Fund. Clarifies the disposition of funds for state mileage-based road usage charge. Beginning 7/1/2026, extends the state mileage-based road usage charge to plug-in hybrid electric vehicles. Clarifies the rate and calculation of the state mileage-based road usage charge. Specifies that rental motor vehicle companies may visibly pass the costs of the mileage-based road usage charges to the consumer. Appropriates funds. Effective 7/1/3000.

We **SUPPORT** this measure for the following reasons:

1. The mileage-based road usage charge (RUC) will provide a funding mechanism for county road infrastructure.
2. HB 1161 authorizes the counties to establish a county RUC consistent with the state RUC program.

Additionally, the County of Maui suggests that the initial fee, established in 249-A (c), be at the discretion of the respective counties as opposed to the \$50 fee. This will ensure that the fee is appropriate for each county.

Mahalo for your consideration.

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 Finance
February 21, 2025; 12:00 PM
Conference Room 308 & Videoconference

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

Honorable Chair Yamashita, Vice Chair Takenouchi, and Members of the Committee:

The County of Kaua'i (COK) is in **support** of HB 1161 HD2 which beginning 7/1/2028, authorizes a county to impose a mileage-based road usage charge on electric vehicles and plug-in hybrid electric vehicles; provides and requires a county to establish the rate of the road usage charge; repeals the requirement for the Department of Transportation to establish county subaccounts within the State Highway Fund; clarifies the disposition of funds for state mileage-based road usage charge; beginning 7/1/2026, extends the state mileage-based road usage charge to plug-in hybrid electric vehicles; clarifies the rate and calculation of the state mileage-based road usage charge; specifies that rental motor vehicle companies may visibly pass the costs of the mileage-based road usage charges to the consumer; and appropriates funds.

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

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

Strike Section 7, Page 16, Lines 3 – 11. This amendment is replaced and encompassed in the Section 8 amendment below.

Amend Section 8, Page 16, Line 12 – Page 17, Line 5 to read as follows:

“ SECTION 8. There is appropriated out of the state highway fund, the sum of \$5,332,800 or so much thereof as may be necessary for fiscal year 2025-2026 to be used with available federal funds and the sum of \$3,175,600 or so much thereof as may be necessary for fiscal year 2026-2027 to be used with available federal funds, for the continued implementation of the state mileage-based road user charge

established pursuant to Section 249-36, Hawaii Revised Statutes; provided that the moneys appropriated for fiscal year 2025-2026 and fiscal year 2026-2027 for the purposes of this Act shall not lapse at the end of their respective fiscal year; provided further that all moneys appropriated for fiscal year 2025-2026 and fiscal year 2026-2027 that are unexpended or unencumbered as of June 30, 2028, shall lapse into the state highway fund.

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

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

Hawaii Electric Vehicle Association

hawaiiev.org
info@hawaiieva.com



February 20, 2025

COMMENTS FOR HB1161 HD2 (RELATING TO TRANSPORTATION)

Dear Chair Yamashita, Vice-Chair Takenouchi, and members of the Committee,

Hawaii Electric Vehicle Association offers COMMENTS and RECOMMENDATIONS for HB1161 HD2, 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 HD2** 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 HD2**:

- 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 20, 2025

TO: Representative Kyle Yamashita
Chair, Committee on Finance

Representative Jenna Takenouchi
Vice Chair, Committee on Finance

FROM: Tiffany Yajima

RE: **H.B. 1161, H.D.2 - Relating to Transportation**
Hearing Date: Friday, February 21, 2025 at 12:00 p.m.
Conference Room: 308

Dear Chair Yamashita, Vice Chair Takenouchi, and Members of the Committee on Finance:

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

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

Auto Innovators is concerned that the H.D.2 was amended to include plug-in hybrid electric vehicles (PHEVs). PHEVs have traditional fuel tanks that power an internal combustion engine, and also use batteries to power an electric motor. PHEVs can be charged using a wall outlet or charging equipment and also by the internal combustion engine. Under this scenario, drivers of PHEVs would not only pay for their vehicle miles traveled but would also pay the gas tax on fuel used. For this reason, Auto Innovators suggests removing PHEVs from the RUC program.

With this amendment Auto Innovators is in support of the measure.

Mahalo for the opportunity to submit this testimony.



Testimony of the Oahu Metropolitan Planning Organization

COMMITTEE ON FINANCE

Friday, February 21st, 2025 at 12:00PM
CR 308 & Videoconference

HB1161 HD2 RELATING TO TRANSPORTATION.

Dear Chair Yamashita, Vice Chair Takenouchi, and Committee Members,

The Oahu Metropolitan Planning Organization (OahuMPO) **supports with a recommendation HB1161 HD2** 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.



Email: communications@ulupono.com

HOUSE COMMITTEE ON FINANCE
Friday, February 21, 2025 — 12:00 p.m.

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

Dear Chair Yamashita 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 2, which, beginning 7/1/2028, authorizes a county to impose a mileage-based road usage charge (RUC) on electric vehicles and plug-in hybrid electric vehicles; 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; and clarifies the disposition of funds for state mileage-based RUC. In addition, beginning 7/1/2026, it extends the state mileage-based RUC to plug-in hybrid electric vehicles. The bill also clarifies the rate and calculation of the state mileage-based RUC and specifies that rental motor vehicle companies may visibly pass the costs of the mileage-based RUC to the consumer.

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

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.

Investing in a Sustainable Hawai'i

- 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 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



Robert Muhs, Esq.
Vice President, Government Affairs
& Counsel
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Representative Kyle Yamashita, Chair
Representative Jenna Takenouchi, Vice Chair
Committee on Finance

February 21, 2025, 12:00 p.m.; Agenda #2
Conference room 308 & Videoconference

RE: HB 1161 HD2 - Relating to Transportation – Comments, Request Amendment

Aloha Chair Yamashita, Vice Chair Takenouchi and members of the committee:

My name is Robert Muhs, Vice President, Government Affairs & Counsel for Avis Budget Group. Avis Budget Group would like to provide comments on HB 1161 HD2 which, among other things, authorizes a county to impose a mileage-based road usage charge on electric vehicles and plug-in hybrid electric vehicles. The bill also specifies that rental motor vehicle companies may visibly pass the costs of the mileage-based road usage charges to the consumer.

We would like to request an amendment to Section 2, 249-A to add the following:

(h) The mileage-based road usage charge on a rental motor vehicle as defined under 437D shall be \$50.

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

We ask for your consideration in passing HB 1161 HD2 with our requested amendment. Thank you.



DATE: February 20, 2025

TO: Representative Kyle Yamashita
Chair, Committee on Finance

Representative Jenna Takenouchi
Vice Chair, Committee on Finance

FROM: Tiffany Yajima

RE: **H.B. 1161, H.D.2 - Relating to Transportation**
Hearing Date: Friday, February 21, 2025 at 12:00 p.m.
Conference Room: 308

Dear Chair Yamashita, Vice Chair Takenouchi, and Members of the Committee on Finance:

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

Enterprise Mobility submits these **comments and requests an amendment** to H.B. 1161, H.D.2, which authorizes the counties to impose a mileage-based road usage charge.

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

Enterprise respectfully requests the following amendment at section 2, page 5, by inserting a new paragraph (h) under Chapter 249-A as follows:

(h) The mileage-based road usage charge on a rental motor vehicle as defined under 437D shall be \$50.

This amendment is intended to clarify that a \$50 flat fee would be assessed on each rental car on inspection. As it stands today, rental car customers pay for their own fuel for the duration of the vehicle rental and can choose to fill the tank on their own or pre-pay on return of the vehicle rental. The gas tax for that fuel is paid for at the pump by the customer. The road usage charge program requires assessing a fee for each mile driven, rather than taxing fuels at the time of

purchase. Since rental car drivers are not owners of the vehicle, the rental car company would receive a RUC statement and be responsible as the owner of a vehicle.

This measure already includes a provision to allow the rental motor vehicle industry to visibly pass on to renters the state and county mileage-based road usage charges that are incurred while renting a vehicle, which Enterprise supports.

Thank you for the opportunity to submit this testimony.



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Representative Kyle Yamashita, Chair
Representative Jenna Takenouchi, Vice Chair
Committee on Finance

February 21, 2025, 12:00 p.m.; Agenda #2
Conference room 308 & Videoconference

RE: HB 1161 HD2 - Relating to Transportation – Comments, Request Amendment

Aloha Chair Yamashita, Vice Chair Takenouchi and members of the committee:

Servco appreciates this opportunity to offer comments on HB 1161 HD2 which, among other things, authorizes a county to impose a mileage-based road usage charge on electric vehicles and plug-in hybrid electric vehicles.

The HD2 was amended to include plug-in hybrid electric vehicles. These vehicles have traditional fuel tanks and also use batteries to power an electric motor. We request an amendment to delete plug-in hybrid electric vehicles from the road usage charge program as it is unfair for drivers of these vehicles to pay for their vehicle miles traveled and also pay the gas tax on fuel used.

Thank you for the opportunity to provide comments. We ask for your consideration in passing the bill with our requested amendment.

Peter Dames
President & CEO

TAX FOUNDATION OF HAWAII

735 Bishop Street, Suite 417

Honolulu, Hawaii 96813 Tel. 536-4587

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

BILL NUMBER: HB 1161 HD 2

INTRODUCED BY: House Committee on Consumer Protection & Commerce

EXECUTIVE SUMMARY: Authorizes a county to impose a mileage-based road usage charge on electric vehicles and plug-in hybrid electric vehicles. Provides and requires a county to establish the rate of the road usage charge. Repeals the requirement for the Department of Transportation to establish county subaccounts within the State Highway Fund. Clarifies the disposition of funds for state mileage-based road usage charge. Beginning 7/1/2026, extends the state mileage-based road usage charge to plug-in hybrid electric vehicles. Clarifies the rate and calculation of the state mileage-based road usage charge. Specifies that rental motor vehicle companies may visibly pass the costs of the mileage-based road usage charges to the consumer.

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

The mileage charged will be determined by odometer readings that are taken during the annual safety check process. The charges will be deposited into the respective county highway fund and will be spent in the counties from which the fees originated. The amount of the county road usage charge will be determined by each county through adoption of an appropriate ordinance following a public hearing.

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

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

Amends section 249-36(a), HRS, to subject plug-in hybrid electric vehicles to the state mileage-based road usage charge beginning July 1, 2026.

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

Amends section 249-36(d), HRS, to include plug-in hybrid electric vehicles the choice to pay a \$50 registration surcharge in lieu of the state mileage-based road usage charge until June 30, 2028.

Amends section 249-36(g), HRS, to define “plug-in hybrid electric vehicle” as a vehicle that can use batteries to power an electric motor and use another fuel, such as gasoline or diesel, to power an internal combustion engine or other propulsion source, and that may use electricity from the grid to run the vehicle some or all of the time.EFFECTIVE DATE: July 1, 3000.

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

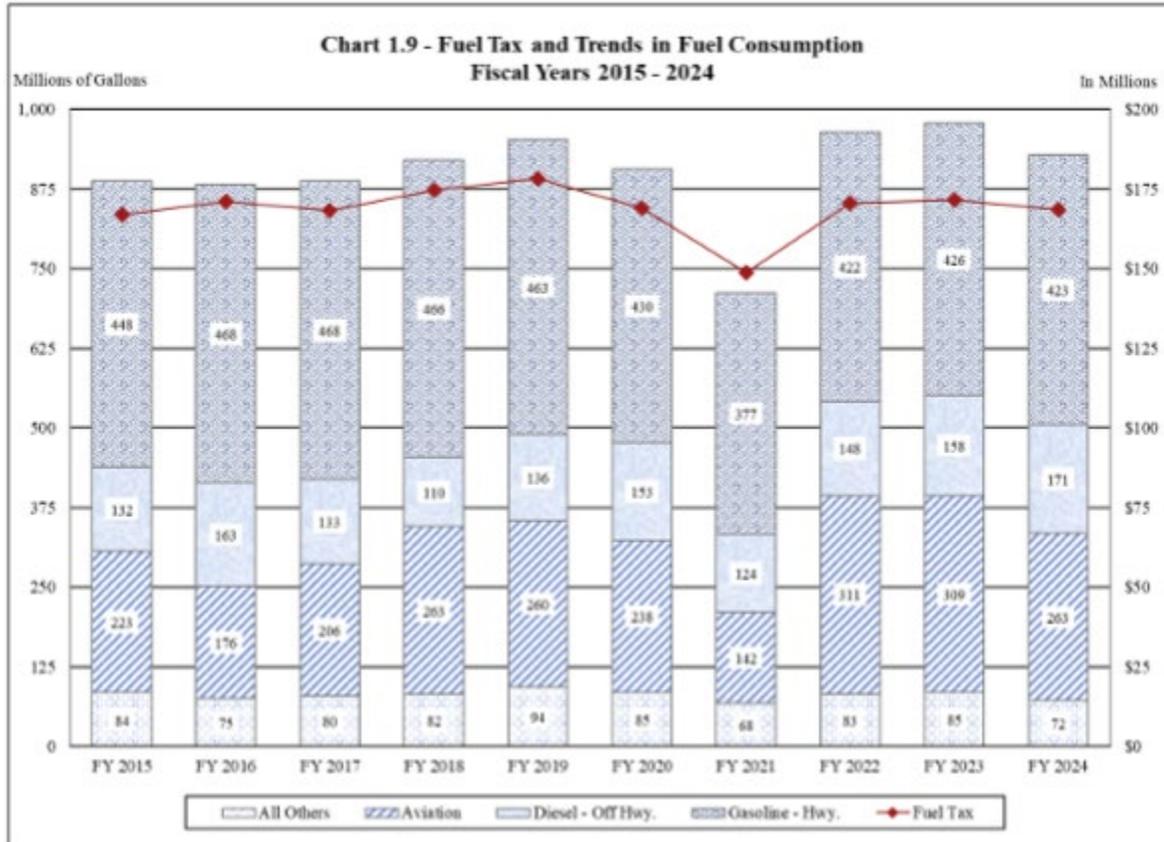
Act 222, SLH 2023, authorizes a program called HiRUC that has been in the works for a few years now. That act applies a state mileage-based road usage charge to electric vehicles, supposedly in lieu of the fuel tax that such vehicles are not paying.

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

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

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

The reason for the reversal appears to be economic: the Department of Transportation needs money to repair and construct roads, bridges, highways, and byways. Its primary source of money to do that has been the State Highway Fund, which is fed primarily by the fuel tax. As electric vehicles and other alternative fuel vehicles gain acceptance, however, the theory is that fewer people will buy fuel, leading to the fuel tax slowly drying up. As it turns out, however, fuel consumption does not seem to have plateaued yet, although it did take a pandemic bounce in FY 2021:



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

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

Digested: 2/20/2025



February 21, 2025

Chair Yamashita and Committee members:
House Committee on Finance
Hawai'i State Legislature
Hearing: Friday, February 21, 2025, 12:00 pm, Room 308

HB1161 HD2 RELATING TO TRANSPORTATION

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

Hertz would like to comment on how HB1161, HD2 Relating to Transportation would manifest in the rental car arena. With thousands of rentals and rental customers annually in Hawai'i, it would be impossible for rental car operators to calculate the mileage each renter drove annually and retro-actively bill the customer for miles driven during their rental. Instead, we respectfully request that you consider an alternative approach, which would impose a one-time annual fee on rental vehicles that would effectively replace the mileage fee that individual consumers would pay. In doing so, it would streamline the levying and collection of those fees by rental car operators and ensure that the state is collecting the revenue it seeks through such a measure.

To that end, Hertz offers the following amendment for consideration:

Amend SECTION 2 to add Subsection (h):

(h) The mileage-based road usage charge on a rental motor vehicle as defined under 437D shall be \$50.

Thank you for the consideration of the above suggested amendment to HB1161, HD2.

Hertz, along with our fellow car rental operators, would welcome the opportunity to speak with you to share our perspective on this important topic. Thank you for the opportunity to provide a comment on this matter.

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

HB-1161-HD-2

Submitted on: 2/20/2025 11:16:11 AM

Testimony for FIN on 2/21/2025 12:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Keith Neal	Individual	Comments	Written Testimony Only

Comments:

Aloha Chair Yamashita, Vice Chair Takenouchi, and members of the committee,

Comment on HB1611_HD2

Fundamentally, all who use the roadways need to contribute to the maintenance there of in some fashion. What I would object to is fossil fuel users after 2033 are not taxed for running ICE vehicles who continue to contribute to health and environmental damage.

The sentence that is worrisome: "Finally, the legislature required the department of transportation to develop a plan to transition all vehicles in Hawaii to a per-mile road usage charge by 2033." (first paragraph. last sentence)

https://www.capitol.hawaii.gov/sessions/session2025/bills/HB1161_HD2_.HTM

What does that mean? After 2033 fossil fuels for road vehicles become untaxed and no longer accountable for the health and environmental damages? If true, this is counter to the entire thrust of decarbonizing of transportation.

I respectfully suggest levees on fossil fuels do not sunset.

Respectfully submitted,

Keith Neal

Waimea