

ACT 222

S.B. NO. 1534

A Bill for an Act Relating to Transportation.

*Be It Enacted by the Legislature of the State of Hawaii:*

SECTION 1. The legislature finds that, as fuel tax revenues decrease, the department of transportation has recommended the adoption of a per-mile road usage charge to provide fair and sustainable funding for the State's road infrastructure. The legislature further finds that with its existing vehicle inspection program, Hawaii is well-positioned to transition to a per-mile road usage charge system with low administrative costs. In 2019, the legislature enacted an annual registration surcharge on electric vehicles to account for their road usage. The legislature now finds that replacing the existing annual \$50 registration surcharge on electric vehicles with a mileage-based road usage charge for electric vehicles is a first step in the eventual statewide transition to a per-mile road usage charge for all vehicles, which will serve as a replacement of the state motor fuel tax with all vehicles paying the per-mile road usage charge. With the increase in public support for fuel-efficient electric and alternative fuel vehicles, the shift to a charge based on road usage is fair to all drivers within the State and ensures that the owners of all vehicles, including alternative fuel vehicles, pay a fair share of Hawaii's roadway maintenance costs. To implement a per-mile road usage charge program, the legislature further finds that a long-term implementation plan would aid in the deployment and eventual inclusion of all passenger vehicles and light duty trucks.

The purpose of this Act is to:

- (1) Create a mileage-based road usage charge to replace state motor fuel taxes for electric vehicles, to be developed by the department of transportation;
- (2) Eliminate the annual state vehicle registration surcharge for electric vehicles;
- (3) Allow electric vehicle owners to pay a registration surcharge or a per-mile road usage charge until June 30, 2028;
- (4) Amend certain requirements for motor vehicle registration applications and certificates of inspection; and

- (5) Appropriate funds for the initial implementation of the mileage-based road usage charge.

SECTION 2. Chapter 249, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

**“§249- State mileage-based road usage charge.** (a) Beginning July 1, 2025, in addition to all other fees and taxes levied by this chapter, electric vehicles shall be subject to a state mileage-based road usage charge. The state mileage-based road usage charge shall be calculated by the county director of finance at the rate of 0.8 cents per mile traveled, multiplied by the number of miles traveled, less the estimated amount of paid state fuel taxes that correspond with the number of miles traveled. The department shall adopt rules pursuant to chapter 91 to determine the method for calculating the estimated amount of paid state fuel taxes that correspond with the number of miles traveled. The number of miles traveled shall be calculated as the difference between the vehicle’s two most recent odometer readings, as noted on the vehicle’s certificate of inspection pursuant to section 286-26(e). The state mileage-based road usage charge shall be not less than \$0, and the state mileage-based road usage charge shall be not more than \$50 per year. For the first registration renewal of new motor vehicles for which no certificate of inspection is required, the state mileage-based road usage charge assessed shall be \$50, and such amount once paid shall be subtracted from the calculation of the state mileage-based road usage charge upon that vehicle’s second registration renewal.

(b) The state mileage-based road usage charge shall be paid each year following the vehicle’s most recent inspection together with all other taxes and fees levied by this chapter on a staggered basis as established by each county as authorized by section 286-51 so that the state mileage-based road usage charge is due and payable at the same time and shall be collected together with the county vehicle weight tax. The state mileage-based road usage charge shall be deemed delinquent if not paid with the county registration fee. The respective counties shall collect this road usage charge together with the vehicle weight tax collected for the county and shall transfer the moneys collected under this section to the state director of finance for deposit into the state highway fund established under section 248-8.

(c) Vehicles subject to the state mileage-based road usage charge shall include all electric vehicles in the State except for vehicles that qualify for any of the exemptions in sections 249-4, 249-5.5, 249-6, and 249-6.5.

(d) Until June 30, 2028, owners of electric vehicles shall be offered a choice to pay a \$50 registration surcharge in lieu of the state mileage-based road usage charge.

(e) The department of transportation shall develop a long-term mileage-based road usage charge implementation plan that includes findings, recommendations, implementation phase schedules, and proposed legislation for the deployment of a state mileage-based road usage charge program to encompass all passenger vehicles and light duty trucks by December 31, 2033. The plan shall also include recommendations for ensuring compatibility with the deployment of a mileage—based<sup>1</sup> road usage charge by any county and recommendations on how to ensure that broad implementation continues to account for and incentivize more fuel-efficient vehicles. The plan shall be completed and submitted to the legislature no later than twenty days prior to the convening of the regular session of 2026.

(f) The department of transportation shall adopt rules pursuant to chapter 91 for establishing and administering the state mileage-based road usage charge.

(g) For the purposes of this section, “electric vehicle” means a vehicle, with three or more wheels, a gross vehicle weight rating less than or equal to ten thousand pounds, and the capability to operate legally at a speed of more than thirty-five miles per hour, that draws propulsion energy exclusively from a battery that can be recharged from an external source of electricity.”

SECTION 3. Section 249-31, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

“(a) All vehicles and motor vehicles in the State as defined in section 249-1, including antique motor vehicles, except as otherwise provided in sections 249-4, 249-6, and 249-31.5, shall be subject to a \$46 annual vehicle registration fee; provided that ~~[electric vehicles and]~~ alternative fuel vehicles shall pay an annual vehicle registration surcharge ~~[fee]~~ of \$50, which shall be assessed and collected beginning with the first registration renewal for every ~~[electric vehicle and]~~ alternative fuel vehicle and shall be deposited into the state highway fund established under section 248-8. The ~~[fee]~~ surcharge shall be paid each year together with all other taxes and fees levied by this chapter on a staggered basis as established by each county as authorized by section 286-51, and the state registration for that county shall likewise be staggered so that the state registration fee is due and payable at the same time and shall be collected together with the county fee. The state registration fee shall be deemed delinquent if not paid with the county registration fee. The respective counties shall collect this fee together with the vehicle registration tax collected for the county and shall transfer the moneys collected under this section to the State.

For the purposes of this subsection, “alternative fuel vehicle” means a vehicle powered by a non-petroleum-based fuel, but excludes an electric vehicle as defined in section 249- (g).”

SECTION 4. Section 286-26, Hawaii Revised Statutes, is amended by amending subsection (e) to read as follows:

“(e) Upon application for a certificate of inspection to be issued for a vehicle or moped, an inspection as prescribed by the director under subsection (g) shall be conducted on the vehicle or moped, and if the vehicle or moped is found to be in a safe operating condition, a certificate of inspection shall be issued upon payment of a fee to be determined by the director. The certificate shall state the effective date, the termination date, the name of the issuing insurance carrier, ~~[and]~~ the policy number of the motor vehicle insurance identification card for the inspected motor vehicle as specified by section 431:10C-107 or state the information contained in the proof of insurance card as specified by section 431:10G-106~~[-]~~, and the odometer reading of the vehicle on the date of inspection. A sticker, authorized by the director, shall be affixed to the vehicle or moped at the time a certificate of inspection is issued. An inspection sticker ~~[which]~~ that has been lost, stolen, or destroyed shall be replaced without reinspection by the inspection station that issued the original inspection sticker upon presentation of the current certificate of inspection; provided that the current certificate of inspection and inspection sticker shall not have expired at the time the replacement is requested. The director shall adopt rules to determine the fee for replacement of lost, stolen, or destroyed inspection stickers.”

SECTION 5. Section 286-41, Hawaii Revised Statutes, is amended by amending subsection (b) to read as follows:

“(b) Application for the registration of a vehicle shall be made upon the appropriate form furnished by the director of finance and shall contain the name, occupation, and address of the owner and legal owner; and, if the applicant is a

member of the United States naval or military forces, the applicant shall give the organization and station. All applications shall also contain a description of the vehicle, including: the name of the maker; the type of fuel for the use of which it is adapted, such as gasoline, diesel oil, liquefied petroleum gas[;], or battery electricity; the serial or motor number; the date first sold by the manufacturer or dealer; a further description of the vehicle as is called for in the form; and other information as may be required by the director of finance, to establish legal ownership. A person applying for initial registration of a neighborhood electric vehicle shall certify in writing that a notice of the operational restrictions applying to the vehicle as provided in section 291C-134 are contained on a permanent notice attached to or painted on the vehicle in a location that is in clear view of the driver.”

SECTION 6. There is appropriated out of the state highway fund, the sum of \$1,300,000 or so much thereof as may be necessary for fiscal year 2023-2024 to be used with available federal funds, for the initial implementation of the state mileage-based road user charge established pursuant to section 2 of this Act.

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

SECTION 7. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.<sup>2</sup>

SECTION 8. This Act shall take effect on July 1, 2023; provided that sections 3, 4, and 5 of this Act shall take effect on July 1, 2025.

(Approved July 5, 2023.)

#### Notes

1. So in original.

2. Edited pursuant to HRS §23G-16.