



GOV. MSG. NO. 1325

EXECUTIVE CHAMBERS
KE KE'ENA O KE KIA'ĀINA

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA

July 5, 2023

The Honorable Ronald D. Kouchi
President of the Senate,
and Members of the Senate
Thirty-Second State Legislature
State Capitol, Room 409
Honolulu, Hawai'i 96813

The Honorable Scott K. Saiki
Speaker, and Members of the
House of Representatives
Thirty-Second State Legislature
State Capitol, Room 431
Honolulu, Hawai'i 96813

Dear President Kouchi, Speaker Saiki, and Members of the Legislature:

This is to inform you that on July 5, 2023, the following bill was signed into law:

SB1534 SD2 HD3 CD1

RELATING TO TRANSPORTATION.
ACT 222

Sincerely,

Josh Green, M.D.
Governor, State of Hawai'i

on JUL 5 2023

THE SENATE
THIRTY-SECOND LEGISLATURE, 2023
STATE OF HAWAII

S.B. NO. 1534
S.D. 2
H.D. 3
C.D. 1

A BILL FOR AN ACT

RELATING TO TRANSPORTATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that, as fuel tax
2 revenues decrease, the department of transportation has
3 recommended the adoption of a per-mile road usage charge to
4 provide fair and sustainable funding for the State's road
5 infrastructure. The legislature further finds that with its
6 existing vehicle inspection program, Hawaii is well-positioned
7 to transition to a per-mile road usage charge system with low
8 administrative costs. In 2019, the legislature enacted an
9 annual registration surcharge on electric vehicles to account
10 for their road usage. The legislature now finds that replacing
11 the existing annual \$50 registration surcharge on electric
12 vehicles with a mileage-based road usage charge for electric
13 vehicles is a first step in the eventual statewide transition to
14 a per-mile road usage charge for all vehicles, which will serve
15 as a replacement of the state motor fuel tax with all vehicles
16 paying the per-mile road usage charge. With the increase in
17 public support for fuel-efficient electric and alternative fuel
18 vehicles, the shift to a charge based on road usage is fair to



1 all drivers within the State and ensures that the owners of all
2 vehicles, including alternative fuel vehicles, pay a fair share
3 of Hawaii's roadway maintenance costs. To implement a per-mile
4 road usage charge program, the legislature further finds that a
5 long-term implementation plan would aid in the deployment and
6 eventual inclusion of all passenger vehicles and light duty
7 trucks.

8 The purpose of this Act is to:

- 9 (1) Create a mileage-based road usage charge to replace
10 state motor fuel taxes for electric vehicles, to be
11 developed by the department of transportation;
- 12 (2) Eliminate the annual state vehicle registration
13 surcharge for electric vehicles;
- 14 (3) Allow electric vehicle owners to pay a registration
15 surcharge or a per-mile road usage charge until
16 June 30, 2028;
- 17 (4) Amend certain requirements for motor vehicle
18 registration applications and certificates of
19 inspection; and
- 20 (5) Appropriate funds for the initial implementation of
21 the mileage-based road usage charge.



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

4 "§249- State mileage-based road usage charge. (a)

5 Beginning July 1, 2025, in addition to all other fees and taxes
6 levied by this chapter, electric vehicles shall be subject to a
7 state mileage-based road usage charge. The state mileage-based
8 road usage charge shall be calculated by the county director of
9 finance at the rate of 0.8 cents per mile traveled, multiplied
10 by the number of miles traveled, less the estimated amount of
11 paid state fuel taxes that correspond with the number of miles
12 traveled. The department shall adopt rules pursuant to chapter
13 91 to determine the method for calculating the estimated amount
14 of paid state fuel taxes that correspond with the number of
15 miles traveled. The number of miles traveled shall be
16 calculated as the difference between the vehicle's two most
17 recent odometer readings, as noted on the vehicle's certificate
18 of inspection pursuant to section 286-26(e). The state mileage-
19 based road usage charge shall be not less than \$0, and the state
20 mileage-based road usage charge shall be not more than \$50 per
21 year. For the first registration renewal of new motor vehicles



1 for which no certificate of inspection is required, the state
2 mileage-based road usage charge assessed shall be \$50, and such
3 amount once paid shall be subtracted from the calculation of the
4 state mileage-based road usage charge upon that vehicle's second
5 registration renewal.

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

20 (c) Vehicles subject to the state mileage-based road usage
21 charge shall include all electric vehicles in the State except



1 for vehicles that qualify for any of the exemptions in sections
2 249-4, 249-5.5, 249-6, and 249-6.5.

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

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

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



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

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

10 "(a) All vehicles and motor vehicles in the State as
11 defined in section 249-1, including antique motor vehicles,
12 except as otherwise provided in sections 249-4, 249-6, and
13 249-31.5, shall be subject to a \$46 annual vehicle registration
14 fee; provided that [~~electric vehicles and~~] alternative fuel
15 vehicles shall pay an annual vehicle registration surcharge
16 [~~fee~~] of \$50, which shall be assessed and collected beginning
17 with the first registration renewal for every [~~electric vehicle~~
18 ~~and~~] alternative fuel vehicle and shall be deposited into the
19 state highway fund established under section 248-8. The [~~fee~~]
20 surcharge shall be paid each year together with all other taxes
21 and fees levied by this chapter on a staggered basis as



1 established by each county as authorized by section 286-51, and
2 the state registration for that county shall likewise be
3 staggered so that the state registration fee is due and payable
4 at the same time and shall be collected together with the county
5 fee. The state registration fee shall be deemed delinquent if
6 not paid with the county registration fee. The respective
7 counties shall collect this fee together with the vehicle
8 registration tax collected for the county and shall transfer the
9 moneys collected under this section to the State.

10 For the purposes of this subsection, "alternative fuel
11 vehicle" means a vehicle powered by a non-petroleum-based fuel,
12 but excludes an electric vehicle as defined in section
13 249- (g)."

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

16 "(e) Upon application for a certificate of inspection to
17 be issued for a vehicle or moped, an inspection as prescribed by
18 the director under subsection (g) shall be conducted on the
19 vehicle or moped, and if the vehicle or moped is found to be in
20 a safe operating condition, a certificate of inspection shall be
21 issued upon payment of a fee to be determined by the director.



1 The certificate shall state the effective date, the termination
2 date, the name of the issuing insurance carrier, [and] the
3 policy number of the motor vehicle insurance identification card
4 for the inspected motor vehicle as specified by section 431:10C-
5 107 or state the information contained in the proof of insurance
6 card as specified by section 431:10G-106 [-], and the odometer
7 reading of the vehicle on the date of inspection. A sticker,
8 authorized by the director, shall be affixed to the vehicle or
9 moped at the time a certificate of inspection is issued. An
10 inspection sticker [~~which~~] that has been lost, stolen, or
11 destroyed shall be replaced without reinspection by the
12 inspection station that issued the original inspection sticker
13 upon presentation of the current certificate of inspection;
14 provided that the current certificate of inspection and
15 inspection sticker shall not have expired at the time the
16 replacement is requested. The director shall adopt rules to
17 determine the fee for replacement of lost, stolen, or destroyed
18 inspection stickers."

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



1 "(b) Application for the registration of a vehicle shall
2 be made upon the appropriate form furnished by the director of
3 finance and shall contain the name, occupation, and address of
4 the owner and legal owner; and, if the applicant is a member of
5 the United States naval or military forces, the applicant shall
6 give the organization and station. All applications shall also
7 contain a description of the vehicle, including: the name of
8 the maker; the type of fuel for the use of which it is adapted,
9 such as gasoline, diesel oil, liquefied petroleum gas[+], or
10 battery electricity; the serial or motor number; the date first
11 sold by the manufacturer or dealer; a further description of the
12 vehicle as is called for in the form; and other information as
13 may be required by the director of finance, to establish legal
14 ownership. A person applying for initial registration of a
15 neighborhood electric vehicle shall certify in writing that a
16 notice of the operational restrictions applying to the vehicle
17 as provided in section 291C-134 are contained on a permanent
18 notice attached to or painted on the vehicle in a location that
19 is in clear view of the driver."

20 SECTION 6. There is appropriated out of the state highway
21 fund, the sum of \$1,300,000 or so much thereof as may be



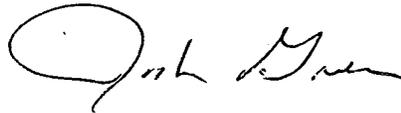
1 necessary for fiscal year 2023-2024 to be used with available
2 federal funds, for the initial implementation of the state
3 mileage-based road user charge established pursuant to section 2
4 of this Act.

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

7 SECTION 7. Statutory material to be repealed is bracketed
8 and stricken. New statutory material is underscored.

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

APPROVED this **5th** day of **July**, 2023



GOVERNOR OF THE STATE OF HAWAII



THE SENATE OF THE STATE OF HAWAI‘I

Date: May 4, 2023
Honolulu, Hawai‘i 96813

We hereby certify that the foregoing Bill this day passed Final Reading in the Senate of the Thirty-Second Legislature of the State of Hawai‘i, Regular Session of 2023.


President of the Senate


Clerk of the Senate

SB No. 1534, SD 2, HD 3, CD 1

THE HOUSE OF REPRESENTATIVES OF THE STATE OF HAWAII

Date: May 4, 2023
Honolulu, Hawaii

We hereby certify that the above-referenced Bill on this day passed Final Reading in the House of Representatives of the Thirty-Second Legislature of the State of Hawaii, Regular Session of 2023.



Scott K. Saiki
Speaker
House of Representatives



Brian L. Takeshita
Chief Clerk
House of Representatives