



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

February 28, 2024
10:01 a.m.
State Capitol, Conference Room 211 & Videoconference

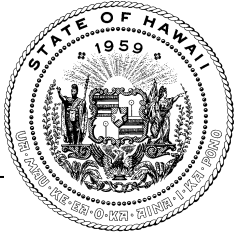
S.B. 3183
RELATING TO TRANSPORTATION

Senate Committee on Ways and Means

The Hawaii Department of Transportation (HDOT) **supports** this bill that authorizes counties to enact a county mileage-based road usage charge (RUC) for electric vehicles (EV), allowing electric vehicle owners to pay a county registration surcharge or a per-mile county road usage charge until June 30, 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; and repeals the cap on the state RUC.

Last year, the Hawaii Legislature passed legislation establishing the country's fourth road usage charge program, setting Hawaii on a path to ensure sustainable and equitable transportation revenue for the State DOT and provide a safe, efficient, sustainable, and accessible transportation system well into the future. As we begin implementation of the state RUC, HDOT recommends counties have the ability to enact a county RUC of their own as a long-term replacement for the county fuel tax. Providing this authority allows the counties to enact their RUC, potentially in conjunction with the State rollout, providing efficiency for government agencies, and consistency for residents of Hawaii.

Thank you for the opportunity to provide testimony.



HAWAII STATE ENERGY OFFICE STATE OF HAWAII

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Testimony of
MARK B. GLICK, Chief Energy Officer

before the
SENATE COMMITTEE ON WAYS AND MEANS

Wednesday, February 28, 2024
10:01 AM
State Capitol, Conference Room 211 and Videoconference

In Support of
SB 3183, SD1

RELATING TO ROAD USAGE CHARGE PROGRAM.

Chair Dela Cruz, Vice Chair Moriwaki, and members of the Committee, the Hawai'i State Energy Office (HSEO) supports SB 3183, SD1, which provides authority for a county to impose a mileage-based road usage charge, provides for disposition of funds of county mileage-based road usage charge, clarifies the disposition of funds of state mileage-based road usage charge, and repeals the maximum amount a driver will pay in a mileage-based road usage charge on June 30, 2028.

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.

Securing sustainable funding for roadway maintenance is crucial to Hawai'i's economy and the safety of those using the roadways. The Legislature required the Hawai'i Department of Transportation to develop a plan to transition all vehicles in Hawai'i to a per mile road usage charge by 2033. Transitioning from the motor fuel taxes to a per-mile road usage charge is proposed to promote fairness and guarantee a continual and equitable source of funding for highway maintenance as the state works towards decarbonizing ground transportation.

HSEO stands ready to collaborate with the Department of Transportation and counties to achieve the State's decarbonization policy objectives and transition to a sustainable funding framework for an evolving transportation system. We believe the extension of the mileage-based road usage charge program from the state to the county level is a logical progression that ensures financial sustainability and administrative efficiency.

Thank you for the opportunity to testify.

COUNTY COUNCIL

Mel Rapozo, Chair
KipuKai Kualii, Vice Chair
Addison Bulosan
Bernard P. Carvalho, Jr.
Felicia Cowden
Bill DeCosta
Ross Kagawa



OFFICE OF THE COUNTY CLERK

Jade K. Fountain-Tanigawa, County Clerk
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Council Services Division
4396 Rice Street, Suite 209
Lihu'e, Kaua'i, Hawaii 96766

February 26, 2024

**TESTIMONY OF ADDISON BULOSAN
COUNCILMEMBER, KAUAI COUNTY COUNCIL
ON
SB 3000, SD 1, RELATING TO MENSTRUAL PRODUCTS
AND
SB 3183, SD 1, RELATING TO ROAD USAGE CHARGE PROGRAM
Senate Committee on Ways and Means
Wednesday, February 28, 2024
10:01 a.m.
Conference Room 211
Via Videoconference**

Dear Chair Dela Cruz and Members of the Committees:

Thank you for this opportunity to provide testimony in SUPPORT of SB 3000, SD 1, Relating to Menstrual Products and SB 3183, SD 1, Relating to Road Usage Charge Program. My testimony is submitted in my individual capacity as a member of the Kaua'i County Council.

I wholeheartedly support the intent of SB 3000, SD 1 and SB 3183, SD 1, which would greatly affect the Kaua'i community.

Thank you again for this opportunity to provide testimony in support of SB 3000, SD 1 and SB 3183, SD 1. 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, Kaua'i County Council

AAO:slr



Email: communications@ulupono.com

SENATE COMMITTEE ON WAYS & MEANS
Wednesday, February 28, 2024 — 10:01 a.m.

Ulupono Initiative supports SB 3183 SD1, Relating to Road Usage Charge Program.

Dear Chair Dela Cruz and Members of the Committee:

My name is Micah Munekata, and I am the Director of Government Affairs 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 and clean transportation choices, and better management of freshwater resources.

Ulupono supports SB 3183 SD1, which provides authority for a county to impose a mileage-based road usage charge; provides for disposition of funds of county mileage-based road usage charge; clarifies the disposition of funds of state mileage-based road usage charge; and, repeals the maximum amount a driver will pay in a mileage-based road usage charge on June 30, 2028.

As the state transitions towards its road user charge, we believe that the counties should have the same opportunity. It will help provide harmonization across transportation taxes and help support the overall transition to a road user charge.

Thank you for the opportunity to testify.

Respectfully,

Micah Munekata
Director of Government Affairs

Investing in a Sustainable Hawai'i

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 305

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: MOTOR VEHICLE; Electric Vehicles; State Mileage-Based Road User Fee; County Mileage-Based Road User Fee

BILL NUMBER: SB 3183 SD 1

INTRODUCED BY: Senate Committee on Transportation and Culture and the Arts

EXECUTIVE SUMMARY: Provides authority for a county to impose a mileage-based road usage charge. Provides for disposition of funds of county mileage-based road usage charge. Clarifies the disposition of funds of state mileage-based road usage charge. Repeals the maximum amount a driver will pay in a mileage-based road usage charge on June 30, 2028.

SYNOPSIS: Adds three new sections to chapter 249, HRS.

Provides that electric vehicles shall be subject to a county mileage-based road usage charge. Until June 30, 2028, owners are offered a choice to pay a \$50 registration surcharge in lieu of the county mileage-based road usage charge. Until June 30, 2028, the county mileage-based road usage charge will be no more than \$50 per year. 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 came.

The amount of the county road usage charge will be determined by each county through adoption of an appropriate resolution following a public hearing.

Amends section 248-9(a), HRS, authorizing the State Highway Fund to expend moneys for traffic control and preservation of safety upon the public highways and streets.

Deletes section 248-9(e), HRS, which allowed county subaccounts within the state highway fund.

EFFECTIVE DATE: July 1, 2024.

STAFF COMMENTS: This is an Administration bill sponsored by the Department of Transportation and designated TRN-06 (24).

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, fewer people buy fuel, and the fuel tax has been slowly drying up.

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: 2/25/2024



Testimony of the Oahu Metropolitan Planning Organization

COMMITTEE ON WAYS AND MEANS
Tuesday, February 28, 2024, 10:01 AM
CR 211 & Videoconference

SB3183 SD1 **RELATING TO ROAD USAGE CHARGE PROGRAM**

Dear Chair Dela Cruz, Vice Chair Moriwaki, and Committee Members,

The Oahu Metropolitan Planning Organization (OahuMPO) **supports SB3183 SD1 with a recommendation.**

This measure is consistent with several goals of the Oahu Regional Transportation Plan including preserving and maintaining the transportation system, promoting an equitable transportation system, and protecting the environment.

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 3(2) currently reads: *"To pay the costs of acquisition, including real property and interests therein; planning; designing; construction; and reconstruction of the state highway system and bikeways, including without limitation, the cost of equipment and general administrative overhead;"* We recommend adding the words *"walkways"* and revising to read: *"To pay the costs of acquisition, including real property and interests therein; planning; designing; construction; and reconstruction of the state highway system, bikeways and walkways, including without limitation, the cost of equipment and general administrative overhead;"*. This would allow the State 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) that encourages and promotes a safe and efficient transportation system to serve the mobility needs of people and freight (including walkways, bicycles, and transit), fosters economic growth and development, and takes into consideration resiliency needs, while minimizing fuel consumption and air pollution ([23 CFR 450.300](#)).

Mahalo for the opportunity to provide testimony on this measure.



DATE: February 28, 2024
TIME: 10:01 AM
PLACE: VIA VIDEOCONFERENCE and Conference Room 211
BILL: SB 3183 SD1 Relating to Road Usage Charge Program

Aloha Chair Dela Cruz, Vice Chair Moriwaki and members of the committee,

On behalf of the Hawai'i Automobile Dealers Association (HADA), we are writing to respectfully **oppose** on SB 3183, SD1 relating to road usage charge program. This bill provides authority for a county to impose a mileage-based road usage charge, provides for disposition of funds of county mileage-based road usage charge, clarifies the disposition of funds of state mileage-based road usage charge and repeals the maximum amount a driver will pay in a mileage-based road usage charge on June 30, 2028.

HADA supports working collaboratively with policy leaders to ensure that the state's clean energy goals are met. HADA is presently proactively discussing with stakeholders, including state agency leaders, many of the issues addressed in this bill. We have asked whether the proposed road usage charge could have a potential negative effect on the rate of EV adoption. Having an uneven application of the road usage charge would further complicate the case for adopting EVs and we believe it would not enhance achieving the state's energy efficiency goals. We urge the legislature to consider implementing the fee in a manner that will not undermine funding for road maintenance. We look forward to working with policy leaders to seek the answers to these and many implementation and logistical questions.

HADA seeks to engage with legislators on issues of importance relevant to motor vehicles, our state's clean energy future, and safety. We thank you for the opportunity to testify.

The Hawai'i Automobile Dealers Association is the voice of more than 60 new car dealerships across the islands, accounting for over 4,000 direct jobs, \$6 billion total sales and more than \$250 million in general excise taxes paid.