
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 a means of
2 addressing declining fuel tax revenues, the department of
3 transportation supports the adoption of a per-mile road usage
4 charge to provide fair and sustainable funding for the State's
5 road infrastructure. The legislature further finds that, with
6 the existing vehicle inspection program, the State and counties
7 are well-positioned to transition to a per-mile road usage
8 charge with low administrative costs. In 2023, the legislature
9 enacted a small-scale per-mile road usage charge program for
10 electric vehicles. Beginning on July 1, 2025, drivers of
11 electric vehicles will be provided a choice of paying a state
12 road usage charge at a rate of 0.8 cents per mile traveled or
13 paying a flat fee of not more than \$50 per year. This choice
14 will be permitted until June 30, 2028, at which time all
15 electric vehicles will pay a state road usage charge. The
16 number of miles will be calculated based on an odometer reading
17 recorded during the motor vehicle safety inspection. Finally,



1 the legislature required the department of transportation to
2 develop a plan to transition all vehicles in Hawaii to a per-
3 mile road usage charge by 2033. The legislature further finds
4 that, in addition to the state fuel tax, counties rely on their
5 own motor fuel tax to fund the maintenance and repair of county
6 roads and bridges. Like the state fuel tax, the county fuel tax
7 is also declining, leaving counties with less revenue to
8 maintain their roads and bridges. The legislature now finds
9 that counties may wish to begin transitioning to a mileage-based
10 road usage charge as a fair and sustainable replacement for the
11 county motor fuel tax. The legislature finds that permitting
12 counties to do this will result in lower administrative costs
13 for the state and county agencies tasked with implementing the
14 road usage charge and create more efficiency and simplicity for
15 the traveling public as the State begins transitioning to a fair
16 and sustainable source of transportation funding.

17 Accordingly, the purposes of this Act are to:

- 18 (1) Authorize counties to establish a county mileage-based
19 road usage charge for electric vehicles beginning
20 July 1, 2028;



- 1 (2) Establish a process for the counties to adopt a per-
- 2 mile rate by ordinance;
- 3 (3) Clarify the use of moneys collected under the state
- 4 and county road usage charges; and
- 5 (4) Clarify certain procedures when calculating the state
- 6 and county road usage charge is not possible due to
- 7 incomplete information.

8 SECTION 2. Chapter 249, Hawaii Revised Statutes, is
 9 amended by adding three new sections to be appropriately
 10 designated and to read as follows:

11 "§249-A County mileage-based road usage charge;
 12 established. (a) Beginning July 1, 2028, in addition to all
 13 other fees and taxes levied by this chapter, a county may impose
 14 a county mileage-based road usage charge on electric vehicles.
 15 (b) The county mileage-based road usage charge shall be
 16 calculated by the director of finance at the rate established
 17 under section 249-B, multiplied by the number of miles traveled,
 18 less the estimated amount of paid county motor fuel taxes that
 19 correspond with the number of miles traveled, as shall be
 20 determined by rule. The number of miles traveled shall be
 21 calculated as the difference between the electric vehicle's two



1 most recent odometer readings, as noted on the electric
2 vehicle's certificate of inspection issued pursuant to section
3 286-26(e).

4 (c) If a county establishes a mileage-based road usage
5 charge pursuant to section 249-B, for the first registration
6 renewal of new electric vehicles for which no certificate of
7 inspection is required, the county mileage-based road usage
8 charge assessed shall be \$50, which shall be subtracted from the
9 calculation of the county mileage-based road usage charge upon
10 that electric vehicle's second registration renewal.

11 (d) The county mileage-based road usage charge shall be
12 paid each year following the electric vehicle's most recent
13 inspection together with all other taxes and fees levied by this
14 chapter on a staggered basis as established by each county as
15 authorized by section 286-51 to ensure that the county mileage-
16 based road usage charge is due and payable at the same time and
17 shall be collected together with the county registration fee.
18 The county mileage-based road usage charge shall be deemed
19 delinquent if not paid with the county registration fee.

20 (e) Notwithstanding subsection (a), all electric vehicles
21 registered in the State that qualify for an exemption under



1 sections 249-4, 249-5.5, 249-6, and 249-6.5 shall be exempt from
2 this section.

3 (f) Each county may adopt rules pursuant to chapter 91 for
4 establishing and administering the county mileage-based road
5 usage charge.

6 (g) For the purposes of this section, "electric vehicle"
7 has the same meaning as defined in section 249-36.

8 **§249-B County mileage-based road usage charge; rate;**
9 **establishment.** (a) Each county shall establish the rate to be
10 used to calculate the amount of that county's mileage-based road
11 usage charge in the manner provided for ordinances involving the
12 expenditure of public funds; provided that until the rate is
13 established, the county mileage-based road usage charge for each
14 county shall be zero.

15 (b) No ordinance establishing the rate for a county
16 mileage-based road usage charge shall be adopted until a public
17 hearing on the proposed rate for the county mileage-based road
18 usage charge has been held. Public notice of the hearing shall
19 be given at least twice within the thirty-day period immediately
20 preceding the date of the hearing. The rate for the county
21 mileage-based road usage charge shall take effect on the first



1 day of the second month following the adoption of an ordinance
2 establishing a county mileage-based road usage charge.

3 (c) Each county may establish a per mile rate for a county
4 mileage-based road usage charge that is:

5 (1) One or more cents, a fraction of a cent, or both; or

6 (2) Zero.

7 (d) If a county mileage-based road usage charge cannot be
8 calculated because of missing, incomplete, or incorrect odometer
9 reading information, a vehicle subject to the county mileage-
10 based road usage charge shall be subject to a default county
11 mileage-based road usage charge as established by the county.

12 §249-C County mileage-based road usage charge;
13 dispositions. The county mileage-based road usage charge for
14 each county shall be collected by the respective county and
15 deposited into the respective county highway fund established
16 pursuant to section 249-18; provided that amounts collected in
17 the county of Maui on vehicle miles traveled on the island of
18 Lanai shall be used solely for expenditures on the island of
19 Lanai; provided further that the amounts collected in the county
20 of Maui on vehicle miles traveled on the island of Molokai shall
21 be used solely for expenditures on the island of Molokai."



1 SECTION 3. Section 248-9, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "§248-9 State highway fund. (a) Moneys in the state
4 highway fund may be expended for the following purposes:

- 5 (1) To pay the costs of operation, maintenance, and repair
6 of the state highway system, and infrastructure and
7 related appurtenances pursuant to section 264-142,
8 including without limitation, the cost of equipment
9 and general administrative overhead;
- 10 (2) To pay the costs of acquisition, including real
11 property and interests therein; planning; designing;
12 construction; and reconstruction of the state highway
13 system and bikeways, and infrastructure and related
14 appurtenances pursuant to section 264-142, including
15 without limitation, the cost of equipment and general
16 administrative overhead;
- 17 (3) To reimburse the general fund for interest on and
18 principal of general obligation bonds issued to
19 finance highway projects where the bonds are
20 designated to be reimbursable out of the state highway
21 fund;



- 1 (4) To pay the costs of construction, maintenance, and
2 repair of county roads; provided that none of the
3 funds expended on a county road or program shall be
4 federal funds when expenditure would cause a violation
5 of federal law or a federal grant agreement; [~~and~~]
- 6 (5) To pay the costs of establishing and maintaining a
7 drug and alcohol toxicology testing laboratory that is
8 intended to support the prosecution of offenses
9 relating to operation of a motor vehicle while under
10 the influence of an intoxicant [-];
- 11 (6) For the purposes and functions connected with traffic
12 control and preservation of safety upon the public
13 highways and streets; and
- 14 (7) Other measures to reduce vehicle miles traveled.
- 15 (b) At any time, the director of transportation may
16 transfer from the state highway fund all or any portion of
17 available moneys determined by the director of transportation to
18 exceed one hundred thirty-five per cent of the requirements for
19 the ensuing twelve months for the state highway fund as
20 permitted by and in accordance with section 37-53. For purposes



1 of the determination, the director of transportation shall take
2 into consideration:

- 3 (1) The amount of federal funds and bond funds on deposit
4 in, and budgeted to be expended from, the state
5 highway fund during the period;
- 6 (2) Amounts on deposit in the state highway fund that are
7 encumbered or otherwise obligated;
- 8 (3) Budgeted amounts payable from the state highway fund
9 during the period;
- 10 (4) Revenues anticipated to be received by and
11 expenditures to be made from the state highway fund
12 during the period based on existing agreements and
13 other information for the ensuing twelve months; and
- 14 (5) Any other factors as the director of transportation
15 shall deem appropriate.

16 ~~[(c) The department of transportation shall establish~~
17 ~~county subaccounts within the state highway fund.~~

18 ~~Notwithstanding subsections (a) and (b), funds in each county~~
19 ~~subaccount shall be expended for state highway road capacity~~
20 ~~projects in the respective county.~~



1 ~~For purposes of this subsection, "state highway road~~
2 ~~capacity project" means construction:~~

3 ~~(1) Of a new road;~~

4 ~~(2) To widen or add additional lanes to an existing road;~~
5 ~~or~~

6 ~~(3) That increases the number of vehicles that may be~~
7 ~~driven on an island and alleviates the level of~~
8 ~~traffic congestion on existing roads of that island,~~
9 ~~and any planning, design or right of way acquisition related to~~
10 ~~the construction.] "~~

11 SECTION 4. Section 249-18, Hawaii Revised Statutes, is
12 amended to read as follows:

13 "**§249-18 Highway fund.** All taxes, fees, or charges
14 collected under this chapter, except those collected pursuant to
15 sections 249-14 and 249-14.5 [7] and the state mileage-based road
16 usage charge established under 249-36, shall be deposited in a
17 county fund to be known as the "highway fund" and shall be
18 expended in the county in which the taxes, fees, or charges are
19 collected for the following purposes:

20 (1) For acquisition, designing, construction, improvement,
21 repair, and maintenance of public roads and highways,



- 1 including without restriction of the foregoing
2 purposes, costs of new land therefor, of permanent
3 storm drains or new bridges, as well as repairs or
4 additions to storm drains or bridges;
- 5 (2) For installation, maintenance, and repair of street
6 lights and power, and other charges for street
7 lighting purposes, including replacement of old street
8 lights, on county maintained public roads and
9 highways;
- 10 (3) For purposes and functions connected with traffic
11 control and preservation of safety upon the public
12 highways and streets;
- 13 (4) For payment of interest on and redemption of bonds
14 issued to finance highway and street construction and
15 improvements;
- 16 (5) In the case of the city and county of Honolulu, for
17 appropriation for the police department up to the sum
18 of \$500,000. No expenditures shall be made out of
19 this fund [~~which~~] that will jeopardize federal aid for
20 highway construction;



- 1 (6) For purposes and functions connected with mass
- 2 transit; [~~and~~]
- 3 (7) For the acquisition, design, construction,
- 4 improvement, repair, and maintenance of bikeways[~~-~~]
- 5 and walkways; and
- 6 (8) Other measures to reduce vehicle miles traveled."

7 SECTION 5. Section 249-36, Hawaii Revised Statutes, is
 8 amended by amending subsection (a) to read as follows:

9 "(a) Beginning July 1, 2025, in addition to all other fees
 10 and taxes levied by this chapter, electric vehicles shall be
 11 subject to a state mileage-based road usage charge. The state
 12 mileage-based road usage charge shall be calculated by the
 13 county director of finance at the rate of 0.8 cents per mile
 14 traveled, multiplied by the number of miles traveled, less the
 15 estimated amount of paid state fuel taxes that correspond with
 16 the number of miles traveled. The department shall adopt rules
 17 pursuant to chapter 91 to determine the method for calculating
 18 the estimated amount of paid state fuel taxes that correspond
 19 with the number of miles traveled. The number of miles traveled
 20 shall be calculated as the difference between the vehicle's two
 21 most recent odometer readings, as noted on the vehicle's



1 certificate of inspection pursuant to section 286-26(e). The
2 state mileage-based road usage charge shall be not less than \$0,
3 and, until June 30, 2028, the state mileage-based road usage
4 charge shall be not more than \$50 per year. For the first
5 registration renewal of new motor vehicles for which no
6 certificate of inspection is required, the state mileage-based
7 road usage charge assessed shall be \$50, and [~~such~~] the amount
8 once paid shall be subtracted from the calculation of the state
9 mileage-based road usage charge upon that vehicle's second
10 registration renewal. If the state mileage-based road usage
11 charge cannot be calculated because of missing, incomplete, or
12 incorrect odometer reading information:

13 (1) Until June 30, 2028, a vehicle subject to the state
14 mileage-based road usage charge is subject to a
15 default state mileage-based road usage charge of \$50;
16 and

17 (2) Effective July 1, 2028, a vehicle subject to the state
18 mileage-based road usage shall be subject to a default
19 state mileage-based road usage charge of \$80."



1 SECTION 6. Section 437D-3, Hawaii Revised Statutes, is
2 amended by amending the definition of "vehicle license recovery
3 fees" to read as follows:

4 ""Vehicle license recovery fees" includes motor vehicle
5 weight taxes under section 249-2; fees connected with the
6 registration of specially constructed, reconstructed, or rebuilt
7 vehicles, special interest vehicles, or imported vehicles as
8 referenced in section 286-41(c); license plate and emblem fees
9 under section 249-7(b); state and county mileage-based road
10 usage charges under sections 249-36 and 249-A; inspection fees
11 as referenced in section 286-26; highway beautification fees as
12 referenced in section 286-51(b)(1); and any use tax under
13 chapter 238."

14 SECTION 7. There is appropriated out of the state highway
15 fund the sum of \$ or so much thereof as may be
16 necessary for fiscal year 2024-2025 to be used with available
17 federal funds, for the implementation of the state mileage-based
18 road usage charge program; provided that the funds appropriated
19 for fiscal year 2024-2025 for the purposes of this Act shall not
20 lapse at the end of the fiscal year; provided further that all
21 moneys appropriated for fiscal year 2024-2025 that are



1 unexpended or unencumbered as of June 30, 2026, shall lapse into
2 the state highway fund.

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

5 SECTION 8. There is appropriated out of the state highway
6 fund the sum of \$ or so much thereof as may be
7 necessary for fiscal year 2025-2026 to be used with \$802,400
8 federal funds and the sum of \$ or so much thereof as
9 may be necessary for fiscal year 2026-2027 to be used with
10 \$1,542,480 federal funds, for the continued implementation of
11 the state mileage-based road user charge established pursuant to
12 section 249-36, Hawaii Revised Statutes; provided that the funds
13 appropriated for fiscal year 2025-2026 and fiscal year 2026-2027
14 for the purposes of this Act shall not lapse at the end of their
15 respective fiscal year; provided further that all funds
16 appropriated for fiscal year 2025-2026 and fiscal year 2026-2027
17 that are unexpended or unencumbered as of June 30, 2028, shall
18 lapse into the state highway fund.

19 The sums appropriated shall be expended by the department
20 of transportation for the purposes of this Act.



1 SECTION 9. In codifying the new sections added by section
2 2 of this Act, the revisor of statutes shall substitute
3 appropriate section numbers for the letters used in designating
4 and referring to the new sections in this Act.

5 SECTION 10. Statutory material to be repealed is bracketed
6 and stricken. New statutory material is underscored.

7 SECTION 11. This Act shall take effect on July 1, 2050.



Report Title:

Department of Transportation; Electric Vehicles; State Mileage-Based Road Usage Charge; County Mileage-Based Road Usage Charge; Appropriations

Description:

Authorizes 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 state mileage-based road usage charge on June 30, 2028. Establishes a default state mileage-based road usage charge rate when missing, incomplete, or incorrect odometer reading information that will prevent the state mileage-based road usage charge from being calculated. Appropriates funds. Effective 7/1/2050. (SD1)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

