

Honolulu, Hawaii

MAR 21 2025

RE: H.B. No. 1161
H.D. 2
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Sir:

Your Committees on Transportation and Culture and the Arts and Energy and Intergovernmental Affairs, to which was referred H.B. No. 1161, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO TRANSPORTATION,"

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Beginning July 1, 2028, authorize a county to impose a mileage-based road usage charge on electric vehicles and plug-in hybrid electric vehicles;
- (2) Provide and require a county to establish the rate of the road usage charge;
- (3) Repeal the requirement for the Department of Transportation to establish county subaccounts within the State Highway Fund;
- (4) Clarify the disposition of funds for the state mileage-based road usage charge;
- (5) Beginning July 1, 2026, extend the state mileage-based road usage charge to plug-in hybrid electric vehicles;



- (6) Clarify the rate and calculation of the state mileage-based road usage charge;
- (7) Specify that rental motor vehicle companies may visibly pass the costs of the mileage-based road usage charges to the consumer; and
- (8) Appropriate funds.

Your Committees received testimony in support of this measure from the Department of Transportation, Hawai'i State Energy Office, Hawai'i State Association of Counties, Office of the Mayor of the County of Kaua'i, Department of Customer Services of the City and County of Honolulu, one member of the Kaua'i County Council, one member of the Maui County Council, Oahu Metropolitan Planning Organization, Ulupono Initiative, and one individual.

Your Committees received testimony in opposition to this measure from the Libertarian Party of Hawaii and two individuals.

Your Committees received comments on this measure from the Tax Foundation of Hawaii; Alliance for Automotive Innovation; Avis Budget Car Rental, LLC., Enterprise Mobility; Hertz Corporation; and Servco Pacific Inc.

Your Committees find that as electric vehicle usage increases, the State and counties face declining fuel tax revenues. Your Committees further find that in addition to the state fuel tax, the counties rely on their own fuel taxes to fund necessary maintenance of roads and bridges in each county's jurisdiction. Your Committees believe that authorizing the counties to transition to a mileage-based road usage charge from a motor fuel tax will result in lower administrative costs for state and county agencies tasked with implementing the road usage charge and create more efficiency and simplicity for the traveling public as the State begins transitioning to a fair and sustainable source of transportation funding.

Accordingly, your Committees have amended this measure by:

- (1) Deleting language that would have included plug-in hybrid vehicles in the county mileage-road usage charge;

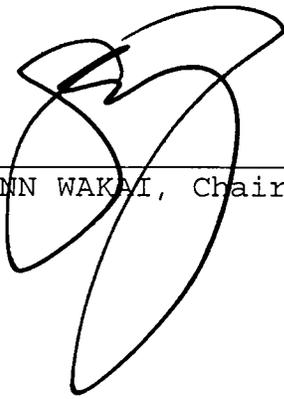


- (2) Clarifying that the county mileage-based road usage charge shall be comparable to the county fuel tax and no more than the estimated county fuel tax;
- (3) Inserting language that allows the State Highway Fund to be used for:
 - (A) Infrastructure and related appurtenances for ground transportation facilities;
 - (B) The purposes and functions connected with traffic control and preservation of safety upon the public highways and streets; and
 - (C) Other measures to reduce vehicle miles traveled;
- (4) Inserting language that allows the Highway Fund to be used for:
 - (A) The acquisition, design, construction, improvement, repair, and maintenance of walkways; and
 - (B) Other measures to reduce vehicle miles traveled;
- (5) Amending section 1 to reflect its amended purpose; and
- (6) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Transportation and Culture and the Arts and Energy and Intergovernmental Affairs that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1161, H.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1161, H.D. 2, S.D. 1, and be referred to your Committee on Ways and Means.



Respectfully submitted on
behalf of the members of the
Committees on Transportation
and Culture and the Arts and
Energy and Intergovernmental
Affairs,



GLENN WAKAI, Chair



CHRIS LEE, Chair



The Senate
Thirty-Third Legislature
State of Hawai'i

Record of Votes
Committee on Transportation and Culture and the Arts
TCA

Bill / Resolution No.:* HB 1161 HD2	Committee Referral: TCA/EIG, WAM	Date: 3-18-2025		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
LEE, Chris (C)	✓			
INOUYE, Lorraine R. (VC)	✓			
ELEFANTE, Brandon J.C.	✓			
KANUHA, Dru Mamo	✓			
DECORTE, Samantha			✓	
TOTAL	4		1	
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes

The Senate
 Thirty-Third Legislature
 State of Hawai'i

Record of Votes
Committee on Energy and Intergovernmental Affairs
EIG

Bill / Resolution No.:* HB1161 HD2	Committee Referral: TCA/EIG, WAM	Date: 3/18/25
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The Committee is reconsidering its previous decision on this measure.
 If so, then the previous decision was to: _____

The Recommendation is:

Pass, unamended 2312
 Pass, with amendments 2311
 Hold 2310
 Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
WAKAI, Glenn (C)	✓			
CHANG, Stanley (VC)	✓			
DECOITE, Lynn	✓			
RICHARDS, III, Herbert M. "Tim"	✓			
FEVELLA, Kurt				✓
TOTAL	4			1

Recommendation:
 Adopted
 Not Adopted

Chair's or Designee's Signature: 

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