

Honolulu, Hawaii

APR 04 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 Committee on Ways and Means, to which was referred H.B. No. 1161, H.D. 2, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TRANSPORTATION,"

begs leave to report as follows:

The purpose and intent of this measure is to support the adoption of state and county mileage-based road usage charges.

More specifically, the measure:

- (1) Authorizes the counties to impose a mileage-based road usage charge for electric vehicles, beginning July 1, 2028;
- (2) Repeals the requirement that the Department of Transportation establish county subaccounts within the state highway fund;
- (3) Clarifies the disposition of funds from the state mileage-based road usage charge;
- (4) Clarifies the calculation and rate of the state mileage-based road usage charge;
- (5) Expands the authorized uses of the state highway fund and highway fund; and



- (6) Appropriates moneys for the implementation of the state mileage-based road usage charge.

Your Committee received written comments in support of this measure from the Hawaii State Energy Office, Department of Transportation, Maui County Council, Hawaii State Association of Counties, County of Kauai, City and County of Honolulu Department of Customer Services, Oahu Metropolitan Planning Organization, and Ulupono Initiative.

Your Committee received written comments in opposition to this measure from two individuals.

Your Committee received written comments on this measure from The Hertz Corporation; Hawaii Electric Vehicle Association; Avis Budget Car Rental, LLC; Alliance for Automotive Innovation; Tax Foundation of Hawaii; Enterprise Mobility; Servco Pacific Inc.; and one individual.

Your Committee finds that shifting away from traditional fuel taxes and toward mileage-based road usage charges, as supported by this measure, will help ensure the financial sustainability of Hawaii's transportation system as the use of electric vehicles in the State increases.

Your Committee requests, if a Committee on Conference is convened on this measure, that the Committee on Conference consider the following amendments, requested by the Department of Transportation:

- (1) Delete page 3, lines 6-7 of the measure, specifically paragraph (4), which refers to the extension of the state mileage-based road usage charge to plug-in hybrid electric vehicles;
- (2) Amend page 5, line 15 to page 6, line 2, to read as follows:

"§249-B County mileage-based road usage charge; rate; establishment. (a) Each county shall establish the rate to be used to calculate the amount of that county's mileage-based road usage charge in the manner provided for by ordinances involving the expenditure of public funds; provided that until such rate is



established, the county mileage-based road usage charge for that county shall be zero. The rate of the county road usage charge shall be no greater than the equivalent per-mile amount paid in county motor fuel tax by the average motor fuel-powered, light-duty vehicle in the county in the twelve months following the last increase in the county motor fuel tax rate."

- (3) Delete section 7 of the measure (page 15, lines 1-11); and
- (4) Amend section 8 of the measure (page 15, line 12 to page 16, line 5) to read as follows:

"SECTION 8. There is appropriated out of the state highway fund the sum of \$5,332,800 or so much thereof as may be necessary for fiscal year 2025-2026 to be used with available federal funds and the sum of \$3,175,600 or so much thereof as may be necessary for fiscal year 2026-2027 to be used with federal funds, for the continued implementation of the state mileage-based road usage charge established pursuant to section 249-36, Hawaii Revised Statutes; provided that the appropriations made for the purposes of this Act shall not lapse at the end of the fiscal biennium for which the appropriations are made; provided further that all moneys from the appropriation unencumbered as of June 30, 2028, shall lapse to the state highway fund.

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

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1161, H.D. 2, S.D. 1, and recommends that it pass Third Reading.

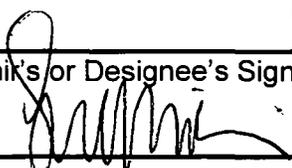
Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,


DONOVAN M. DELA CRUZ, Chair



The Senate
Thirty-Third Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:		
HB1161 HD2 SD1	TCA/EIGA, WAM	4/4/25		
<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 checked="" type="checkbox"/> Pass, unamended 2312 <input type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
DELA CRUZ, Donovan M. (C)	X			
MORIWAKI, Sharon Y. (VC)	X			
AQUINO, Henry J.C.	X			
DECOITE, Lynn	X			
ELEFANTE, Brandon J.C.	X			
HASHIMOTO, Troy N.	X			
INOUE, Lorraine R.	X			
KANUHA, Dru Mamo	X			
KIDANI, Michelle N.	X			
KIM, Donna Mercado	X			
LEE, Chris	X			
WAKAI, Glenn	X			
FEVELLA, Kurt	X			
TOTAL	13	0	0	0
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