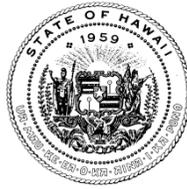


JOSH GREEN, M.D.  
GOVERNOR  
KE KIA'ĀINA



EDWIN H. SNIFFEN  
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Deputy Directors  
Nā Hope Luna Ho'okele  
DREANALEE K. KALILI  
TAMMY L. LEE  
CURT T. OTAGURO  
ROBIN K. SHISHIDO

**STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAII'**  
**DEPARTMENT OF TRANSPORTATION | KA 'OIHANA ALAKAU**  
869 PUNCHBOWL STREET  
HONOLULU, HAWAII 96813-5097

Thursday, February 12, 2026  
3:01 PM  
State Capitol, 229

**SB3337**  
**RELATING TO TAXATION**

Senate Committee on Transportation

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The Department of Transportation (DOT) strongly opposes Senate Bill 3337, which proposes to eliminate state taxes on gasoline and diesel fuel for motor vehicles.

This bill would have severe negative impacts on the state's ability to maintain and improve its transportation infrastructure, which is critical for the safety and mobility of Hawaii's residents and visitors. The state fuel tax is a primary source of revenue for the State Highway Fund, which finances the construction, maintenance, and operation of our state highways. In addition, the State Highway Fund will require additional revenue sources in the near future to meet its financial obligations to operate the red light enforcement camera and speed enforcement camera programs, the newly transferred motor carriers services program, and the Road Usage Charge (RUC) implementation.

Eliminating this crucial funding source without providing an alternative would lead to a significant reduction in the DOT's ability to carry out essential road maintenance, safety improvements, and capacity enhancements. This could result in deteriorating road conditions, increased traffic congestion, and potentially compromised safety for all road users. This is a significant source of pledged revenues for our Highway bonds; it would limit our ability to match federal funds and to pursue additional federal funds in the future. We have been receiving \$50M in redistribution and \$160M in discretionary grants.

The DOT is actively working on transitioning to more sustainable funding mechanisms, such as the mileage-based road usage charge (RUC) for electric vehicles, as evidenced by our support for HB 1161 in a previous session. However, until such alternative funding systems are fully implemented and proven effective, the state fuel tax remains a critical component of our transportation funding structure.

We urge the committee to consider the long-term consequences of this bill on our state's infrastructure, safety, and environmental goals.

Thank you for the opportunity to testify in opposition to this bill.

JOSH GREEN M.D.  
GOVERNOR

SYLVIA LUKE  
LT. GOVERNOR



GARY S. SUGANUMA  
DIRECTOR

KRISTEN M.R. SAKAMOTO  
DEPUTY DIRECTOR

STATE OF HAWAII  
**DEPARTMENT OF TAXATION**  
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**TESTIMONY OF  
GARY S. SUGANUMA, DIRECTOR OF TAXATION**

**TESTIMONY ON THE FOLLOWING MEASURE:**

S.B. No. 3337, Relating to Taxation

**BEFORE THE:**

Senate Committee on Transportation

**DATE:** Thursday, February 12, 2026

**TIME:** 3:01 p.m.

**LOCATION:** State Capitol, Room 229

Chair Inouye, Vice-Chair Elefante, and Members of the Committee:

The Department of Taxation (DOTAX) offers the following comments regarding S.B. 3337 for your consideration.

Section 2 of S.B. 3337 amends section 243-4(a), Hawaii Revised Statutes, (HRS), by repealing the 16 cents per gallon State tax on each gallon of liquid fuel sold or used in the city and county of Honolulu, county of Hawai'i, county of Maui, and county of Kaua'i that is not diesel oil, gasoline or other aviation fuel used in airplanes, naphtha sold for power-generating facilities, or an alternative fuel.

Section 243(b) is also amended to repeal the 15 cent State tax on each gallon of diesel oil sold or used in the city and county of Honolulu, county of Hawai'i, county of Maui, and county of Kaua'i.

The measure is effective upon approval and applies to taxable years beginning after December 31, 2026.

DOTAX can incorporate these changes by the stated effective date.

Thank you for the opportunity to provide comments on this measure.



**TESTIMONY OF TINA YAMAKI, MANAGING DIRECTOR  
HAWAII TRANSPORTATION ASSOCIATION  
FEBRUARY 5, 2026  
SB 3337 RELATING TO TAXATION**

Aloha Chair Inouye and members of the Senate Committee on Transportation. I am Tina Yamaki, Managing Director of the Hawaii Transportation Association and I appreciate this opportunity to testify.

The Hawaii Transportation Association (HTA Hawaii) was founded in 1938 and incorporated in 1963, and is a private, non-profit trade organization dedicated to the service and assistance to the commercial ground transportation industry in the State of Hawaii. Our members include family owned small and medium sized businesses, independent owner operators, and national motor carriers range from delivery services to passenger carriers - as well as allied industry partners.

HTA Hawaii supports SB 3337. This measure eliminates state taxes on gasoline and diesel fuel for motor vehicles.

This measure has substantial economic and community benefits that provides for families, individual motorists, and commercial transportation sectors alike.

Hawai'i carries one of the highest state fuel tax burdens in the nation, contributing significantly to the overall cost of gasoline and diesel at the pump. Removing this tax is a direct form of economic relief for working families, commuters, commercial delivery vehicles and small businesses who are dependent on motor vehicles.

Commercial transportation companies including trucking, delivery services, freight haulers, shuttle operators, taxis, ride-hail vehicles, and logistics fleets are among the largest consumers of gasoline and diesel fuel. Reducing or eliminating the state motor fuel tax will lower per-mile fuel costs, which make up a significant portion of operating expenses in the trucking and freight sector; improve pricing stability for contracts and long-term service commitments by reducing volatility linked to fuel taxes; and support small and medium-sized transport businesses that lack the scale to hedge fuel price risks.

By decreasing a fixed cost input, SB 3337 directly improves the bottom line for commercial operators which can translate into more jobs, more routes, and broader economic activity. Commercial carriers pass operating costs through to businesses and consumers. Reducing fuel tax burdens for freight and delivery fleets can decrease shipping and logistics costs across multiple industries; help lower prices for goods especially essentials that are sensitive to transportation costs; and improve profitability for Hawai'i-based producers and distributors who depend on ground transport. This amplifies the public benefit by reducing inflationary pressure on everyday commodities.

Small businesses that rely on delivery, distribution, or commercial vehicle fleets are disproportionately sensitive to fuel costs and taxes. Levels the competitive landscape, helping local firms compete with larger carriers. This measure encourages business expansion by reducing an ongoing operational expense in addition to strengthening supply chains that are critical for rural and neighbor island economies. Commercial tax savings can be reinvested into hiring, equipment modernization, employee wages, and fleet efficiency improvements.

While households benefit directly from reduced prices at the pump, commercial benefits magnify this impact across the economy. Lower freight and service costs can indirectly reduce costs for consumers, benefiting everyone regardless of vehicle ownership status.

SB 3337 includes a provision requiring practicable pass-through of savings from distributors to end users. This ensures transparency in how tax reductions affect market prices; and real, measurable relief at the pump for both individual motorists and commercial users. This protection is essential to achieving the intent of the legislation.

SB 3337 will deliver significant economic relief for families, bolster competitiveness and cost efficiency for commercial transportation sectors, and support broader economic activity throughout Hawai'i.

Mahalo for this opportunity to testify.

Feb. 12, 2026, 3:01 p.m.

Hawaii State Capitol

Conference Room 229 and Videoconference

**To: Senate Committee on Transportation**

**Sen. Lorraine R. Inouye, Chair**

**Sen. Brandon J.C. Elefante, Vice Chair**

**From: Grassroot Institute of Hawaii**

**Ted Kefalas, Director of Strategic Campaigns**

TESTIMONY IN SUPPORT OF SB3337 — RELATING TO TAXATION

Aloha chair, vice chair and other committee members,

The Grassroot Institute of Hawaii **supports** [SB3337](#), which would abolish the state's 16-cent-per-gallon gasoline and 15-cent-per-gallon diesel fuel taxes.

This bill would lower the cost of living for Hawaii residents, who deal with some of the highest gas prices in the country.

In 2024, the state collected about \$147 million from the gas tax and \$16 million from the diesel oil tax.<sup>1</sup> But as the bill notes, those revenues made up just 21% of the money in the state's highway fund that helps cover the cost of maintaining roads and other vehicle infrastructure.

Thank you for the opportunity to testify.

Ted Kefalas

Director of Strategic Campaigns

Grassroot Institute of Hawaii

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<sup>1</sup> "[Liquid Fuel Tax Base & Tax Collections - Calendar Year Ending December 31, 2024](#)," Hawaii Department of Taxation, Nov. 17, 2025.