
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 no 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.

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

18 The legislature also finds that plug-in hybrid electric
19 vehicles, which operate with minimal fuel consumption, should be
20 transitioned to the per-mile road usage charge sooner than 2033.

21 The purpose of this Act is to:



- 1 (1) Authorize a county to impose a mileage-based road
- 2 usage charge for electric vehicles and plug-in hybrid
- 3 electric vehicles beginning July 1, 2028;
- 4 (2) Repeal the requirement for the department of
- 5 transportation to establish county subaccounts within
- 6 the state highway fund;
- 7 (3) Clarify the disposition of funds for the state
- 8 mileage-based road usage charge;
- 9 (4) Beginning July 1, 2026, extend the state mileage-based
- 10 road-usage charge to plug-in hybrid electric vehicles;
- 11 (5) Clarify the rate and calculation of the state mileage-
- 12 based road usage charge;
- 13 (6) Specify that rental motor vehicle companies may
- 14 visibly pass the costs of the mileage-based road usage
- 15 charges to the consumer; and
- 16 (7) Appropriate funds.

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

20 **"§249-A County mileage-based road usage charge;**
 21 **established.** (a) Beginning July 1, 2028, in addition to all



1 other fees and taxes levied by this chapter, a county may impose
2 a county mileage-based road usage charge on electric vehicles
3 and plug-in hybrid electric vehicles.

4 (b) The county mileage-based road usage charge shall be
5 calculated by the director of finance at the rate established
6 under section 249-B, multiplied by the number of miles traveled,
7 less the estimated amount of paid county fuel taxes that
8 correspond with the number of miles traveled, as shall be
9 determined by rule. The number of miles traveled shall be
10 calculated as the difference between the electric vehicle's or
11 plug-in hybrid electric vehicle's two most recent odometer
12 readings, as noted on the vehicle's certificate of inspection
13 issued pursuant to section 286-26(e).

14 (c) If a county establishes a mileage-based road usage
15 charge pursuant to section 249-B, for the first registration
16 renewal of new electric vehicles or new plug-in hybrid electric
17 vehicles for which no certificate of inspection is required, the
18 county mileage-based road usage charge assessed shall be \$50,
19 which shall be subtracted from the calculation of the county
20 mileage-based road usage charge upon that vehicle's second
21 registration renewal.



1 (d) The county mileage-based road usage charge shall be
2 paid each year following the electric vehicle's or plug-in
3 hybrid electric vehicle's most recent inspection together with
4 all other taxes and fees levied by this chapter on a staggered
5 basis as established by each county as authorized by section
6 286-51 to ensure that the county mileage-based road usage charge
7 is due and payable at the same time and shall be collected
8 together with the county registration fee. The county mileage-
9 based road usage charge shall be deemed delinquent if not paid
10 with the county registration fee.

11 (e) Notwithstanding subsection (a), all electric vehicles
12 and plug-in hybrid electric vehicles registered in the State
13 that qualify for an exemption under sections 249-4, 249-5.5,
14 249-6, and 249-6.5 shall be exempt from this section.

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

18 (g) For the purposes of this section:

19 "Electric vehicle" has the same meaning as in section 249-
20 36.



1 "Plug-in hybrid electric vehicle" has the same meaning as
2 in section 249-36.

3 **§249-B County mileage-based road usage charge; rate;**
4 **establishment.** (a) Each county shall establish the rate to be
5 used to calculate the amount of that county's mileage-based road
6 usage charge in the manner provided for by ordinances involving
7 the expenditure of public funds; provided that until such rate
8 is established, the county mileage-based road usage charge for
9 that county shall be zero.

10 (b) No ordinance establishing the rate for a county
11 mileage-based road usage charge shall be adopted until a public
12 hearing on the proposed rate for the county mileage-based road
13 usage charge has been held. Public notice of the hearing shall
14 be given at least twice within the thirty-day period immediately
15 preceding the date of the hearing. The rate for the county
16 mileage-based road usage charge shall take effect on the first
17 day of the second month following the adoption of an ordinance
18 establishing a county mileage-based road usage charge.

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

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



1 (2) Zero.

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

8 **§249-C County mileage-based road usage charge;**

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

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

20 "**§248-9 State highway fund.** (a) Moneys in the state
21 highway fund may be expended for the following purposes:



- 1 (1) To pay the costs of operation, maintenance, and repair
2 of the state highway system, including without
3 limitation, the cost of equipment and general
4 administrative overhead;
- 5 (2) To pay the costs of acquisition, including real
6 property and interests therein; planning; designing;
7 construction; and reconstruction of the state highway
8 system and bikeways, including without limitation, the
9 cost of equipment and general administrative overhead;
- 10 (3) To reimburse the general fund for interest on and
11 principal of general obligation bonds issued to
12 finance highway projects where the bonds are
13 designated to be reimbursable out of the state highway
14 fund;
- 15 (4) To pay the costs of construction, maintenance, and
16 repair of county roads; provided that none of the
17 funds expended on a county road or program shall be
18 federal funds when expenditure would cause a violation
19 of federal law or a federal grant agreement; and
- 20 (5) To pay the costs of establishing and maintaining a
21 drug and alcohol toxicology testing laboratory that is



1 intended to support the prosecution of offenses
2 relating to operation of a motor vehicle while under
3 the influence of an intoxicant.

4 (b) At any time, the director of transportation may
5 transfer from the state highway fund all or any portion of
6 available moneys determined by the director of transportation to
7 exceed one hundred thirty-five per cent of the requirements for
8 the ensuing twelve months for the state highway fund as
9 permitted by and in accordance with section 37-53. For purposes
10 of the determination, the director of transportation shall take
11 into consideration:

- 12 (1) The amount of federal funds and bond funds on deposit
13 in, and budgeted to be expended from, the state
14 highway fund during the period;
- 15 (2) Amounts on deposit in the state highway fund that are
16 encumbered or otherwise obligated;
- 17 (3) Budgeted amounts payable from the state highway fund
18 during the period;
- 19 (4) Revenues anticipated to be received by and
20 expenditures to be made from the state highway fund



1 during the period based on existing agreements and
 2 other information for the ensuing twelve months; and
 3 (5) Any other factors as the director of transportation
 4 shall deem appropriate.

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

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

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

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

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

14 ~~or~~

15 ~~(3) That increases the number of vehicles that may be~~

16 ~~driven on an island and alleviates the level of~~

17 ~~traffic congestion on existing roads of that island,~~

18 ~~and any planning, design, or right-of-way acquisition related to~~

19 ~~the construction.] "~~

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



1 "**§249-18 Highway fund.** All taxes, fees, or charges
2 collected under this chapter, except those collected pursuant to
3 sections 249-14 and 249-14.5[7] and the state mileage-based road
4 usage charge established under 249-36, shall be deposited in a
5 county fund to be known as the "highway fund" and shall be
6 expended in the county in which the taxes, fees, or charges are
7 collected for the following purposes:

- 8 (1) For acquisition, designing, construction, improvement,
9 repair, and maintenance of public roads and highways,
10 including without restriction of the foregoing
11 purposes, costs of new land therefor, of permanent
12 storm drains or new bridges, as well as repairs or
13 additions to storm drains or bridges;
- 14 (2) For installation, maintenance, and repair of street
15 lights and power, and other charges for street
16 lighting purposes, including replacement of old street
17 lights, on county maintained public roads and
18 highways;
- 19 (3) For purposes and functions connected with traffic
20 control and preservation of safety upon the public
21 highways and streets;



1 (4) For payment of interest on and redemption of bonds
2 issued to finance highway and street construction and
3 improvements;

4 (5) In the case of the city and county of Honolulu, for
5 appropriation for the police department up to the sum
6 of \$500,000. No expenditures shall be made out of
7 this fund [~~which~~] that will jeopardize federal aid for
8 highway construction;

9 (6) For purposes and functions connected with mass
10 transit; and

11 (7) For the acquisition, design, construction,
12 improvement, repair, and maintenance of bikeways."

13 SECTION 5. Section 249-36, Hawaii Revised Statutes, is
14 amended as follows:

15 1. By amending subsection (a) to read:

16 "(a) [~~Beginning July 1, 2025, in~~] In addition to all other
17 fees and taxes levied by this chapter, electric vehicles,
18 beginning July 1, 2025, and plug-in hybrid electric vehicles,
19 beginning July 1, 2026, shall be subject to a state mileage-
20 based road usage charge. The state mileage-based road usage
21 charge shall be calculated by the county director of finance at



1 the rate of 0.8 cents per mile traveled, multiplied by the
2 number of miles traveled, less the estimated amount of paid
3 state fuel taxes that correspond with the number of miles
4 traveled. The department shall adopt rules pursuant to chapter
5 91 to determine the method for calculating the estimated amount
6 of paid state fuel taxes that correspond with the number of
7 miles traveled. The number of miles traveled shall be
8 calculated as the difference between the vehicle's two most
9 recent odometer readings, as noted on the vehicle's certificate
10 of inspection pursuant to section 286-26(e). The state mileage-
11 based road usage charge shall be ~~not~~ no less than \$0, and,
12 until June 30, 2028, the state mileage-based road usage charge
13 shall be ~~not~~ no more than \$50 per year. For the first
14 registration renewal of new motor vehicles for which no
15 certificate of inspection is required, the state mileage-based
16 road usage charge assessed shall be \$50, and ~~such~~ the amount
17 once paid shall be subtracted from the calculation of the state
18 mileage-based road usage charge upon that vehicle's second
19 registration renewal. If the state mileage-based road usage
20 charge cannot be calculated because of missing, incomplete, or
21 incorrect odometer reading information:



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

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

8 2. By amending subsections (c) and (d) to read:

9 "(c) Vehicles subject to the state mileage-based road
 10 usage charge shall include all electric vehicles or plug-in
 11 hybrid electric vehicles in the State except for vehicles that
 12 qualify for any of the exemptions in sections 249-4, 249-5.5,
 13 249-6, and 249-6.5.

14 (d) Until June 30, 2028, owners of electric vehicles and
 15 plug-in hybrid electric vehicles shall be offered a choice to
 16 pay a \$50 registration surcharge in lieu of the state mileage-
 17 based road usage charge."

18 3. By amending subsection (g) to read:

19 "(g) For the purposes of this section [~~,"electric~~]:
 20 "Electric vehicle" means a vehicle, with three or more
 21 wheels, a gross vehicle weight rating less than or equal to ten



1 thousand pounds, and the capability to operate legally at a
2 speed of more than thirty-five miles per hour, that draws
3 propulsion energy exclusively from a battery that can be
4 recharged from an external source of electricity.

5 "Plug-in hybrid electric vehicle" means a vehicle that can
6 use batteries to power an electric motor and use another fuel,
7 such as gasoline or diesel, to power an internal combustion
8 engine or other propulsion source, and that may use electricity
9 from the grid to run the vehicle some or all of the time."

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

13 ""Vehicle license recovery fees" includes motor vehicle
14 weight taxes under section 249-2; fees connected with the
15 registration of specially constructed, reconstructed, or rebuilt
16 vehicles, special interest vehicles, or imported vehicles as
17 referenced in section 286-41(c); license plate and emblem fees
18 under section 249-7(b); state and county mileage-based road
19 usage charges under sections 249-36 and 249-A; inspection fees
20 as referenced in section 286-26; highway beautification fees as



1 referenced in section 286-51(b)(1); and any use tax under
2 chapter 238."

3 SECTION 7. There is appropriated out of the state highway
4 fund the sum of \$ or so much thereof as may be
5 necessary for fiscal year 2025-2026 for the implementation of
6 the state mileage-based road usage charge program, to be used
7 with available federal funds; provided that moneys appropriated
8 pursuant to this section shall not lapse at the end of the
9 fiscal year and any unexpended or unencumbered funds as of
10 June 30, 2026, shall lapse into the state highway fund as of
11 that date.

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

14 SECTION 8. 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 2025-2026 to be used with \$802,400
17 federal funds and the sum of \$ or so much thereof as
18 may be necessary for fiscal year 2026-2027 to be used with
19 \$1,542,480 federal funds, for the continued implementation of
20 the state mileage-based road user charge established pursuant to
21 section 249-36, Hawaii Revised Statutes; provided that the



1 moneys appropriated for fiscal year 2025-2026 and fiscal year
2 2026-2027 for the purposes of this Act shall not lapse at the
3 end of their respective fiscal year and any unexpended or
4 unencumbered funds as of June 30, 2028, shall lapse into the
5 state highway fund as of that date.

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

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

12 SECTION 10. Statutory material to be repealed is bracketed
13 and stricken. New statutory material is underscored.

14 SECTION 11. This Act shall take effect on July 1, 3000.



Report Title:

DOT; Electric Vehicles; Plug-In Hybrid Electric Vehicle; State Mileage-Based Road Usage Charge; County Mileage-Based Road Usage Charge; State Highway Fund; Disposition of Funds; Appropriation

Description:

Beginning 7/1/2028, authorizes a county to impose a mileage-based road usage charge on electric vehicles and plug-in hybrid electric vehicles. Provides and requires a county to establish the rate of the road usage charge. Repeals the requirement for the Department of Transportation to establish county subaccounts within the State Highway Fund. Clarifies the disposition of funds for state mileage-based road usage charge. Beginning 7/1/2026, extends the state mileage-based road usage charge to plug-in hybrid electric vehicles. Clarifies the rate and calculation of the state mileage-based road usage charge. Specifies that rental motor vehicle companies may visibly pass the costs of the mileage-based road usage charges to the consumer. Appropriates funds. Effective 7/1/3000. (HD2)

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

