

TA

CORRESPONDENCE

as of 7-21-2023

From: [Jean Brook](#)
To: [Board \(@smcta.com\)](#)
Subject: FW: Under a new law, state's fuel tax will be phased out
Date: Friday, July 21, 2023 9:24:34 AM
Attachments: [image001.png](#)
[image002.png](#)

Jean Brook (she/her)
Office: 650-508-6223
Cell: 650-703-1934

From: Richard Hedges <hedghogg@ix.netcom.com>
Sent: Thursday, July 20, 2023 9:46 PM
To: Jean Brook <BrookJ@samtrans.com>
Subject: Under a new law, state's fuel tax will be phased out

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Hi Jean, Please send this to the TA Board and The TA-CAC. This is a ground breaking law.

Hawaii
Tribune  Herald

Thursday, July 20, 2023 | [Today's Paper](#) | [79.745°](#)

Under a new law, state's fuel tax will be phased out

The majority of Hawaii residents approve of a road usage fee that will eventually replace the state's fuel tax.

At a Tuesday meeting of the Hawaii County Council's Communications, Reports and Council Oversight Committee, representatives of the state Department of Transportation briefed council members about a proposed new fee that would charge drivers based on how much they use state and county roads.

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DOT Project Manager Mindy Kimura explained that while the state and county gas taxes make up a large percentage of funds used to maintain roads and bridges, drivers' increasing adoption of vehicles with greater fuel efficiency — or electric

vehicles that use no gas at all — has led to fuel tax revenues leveling off over the past decade.

At the same time, Kimura said the increase in EV usage has exacerbated inequities in transportation taxes such that an EV driver who uses roads more frequently still pays less to maintain those roads than an infrequent driver of an internal combustion vehicle.

To wean the state off of fuel taxes, Kimura said DOT is investigating the possibility of road usage charges, whereby drivers would be charged by the number of miles they drive, rather than the amount of fuel they use.

Gov. Josh Green on July 5 signed into law Act 222, which will establish a road usage charge that applies to all passenger vehicles by 2033. The rate of the charge would be set at 0.8 cents per mile traveled, with the yearly total fee capped at \$50.

“The rate is comparable with the fuel tax rates,” Kimura said. “Some drivers will pay less than they do now, and some drivers will pay more, depending on their habits and vehicle.”

Mileage would be tallied by recording a vehicle’s odometer during the annual required safety check. Kimura said DOT has considered implementing a web application to report mileage, but found that drivers overwhelmingly preferred the safety check option.

Under Act 222, EV owners will be given an option to pay the road usage charge or a yearly flat fee of \$50 beginning July 2025. But by 2028, that \$50 fee option will be removed, and by 2033, the road usage charge will apply to all passenger vehicles, not just EVs.

Once the charge is fully implemented, the fuel tax will be discontinued, Kimura said, to avoid double-taxing drivers. However, the state vehicle weight tax will continue unchanged.

Kimura said the DOT conducted a substantial survey of drivers throughout the state between 2019 and 2022. During that survey, the department found that 50% of Big Island respondents were supportive of the charge, with 14% unsure and the remaining 36% opposed.

The survey also found that the imposition of the charge would not strongly influence residents’ decisions to purchase an EV in the future, Kimura added.

“I think the reason is that the road use charge is fairly small compared with the savings over time you get from an EV,” Kimura said.

While Kimura’s presentation Tuesday was only informative, some council members still expressed trepidation about the change.

Puna Councilman Matt Kaneali'i-Kleinfelder noted that Big Island drivers could be more affected by the charge than other islands purely by virtue of its greater size.

"I'm worried about how our rural drivers will be impacted," Kaneali'i-Kleinfelder said. "If you live two miles from work, I'm sure it'll be great for you, but if you're driving across the island, maybe not."

Email Michael Brestovansky at mbrestovansky@hawaiitribune-herald.com.