



HAWAII STATE ENERGY OFFICE STATE OF HAWAII

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Testimony of
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before the
HOUSE COMMITTEE ON FINANCE

Friday, February 24, 2023
1:30 PM
State Capitol, Conference Room 308 and Videoconference

In Support of
HB 1110, HD2

RELATING TO THE ROAD USAGE CHARGE PROGRAM.

Chair Yamashita, Vice Chair Kitagawa, and Members of the Committee, the Hawai'i State Energy Office (HSEO) offers comments in support of HB 1110, HD2, which replaces the \$50 annual vehicle registration surcharge for electric vehicles with a mileage-based road usage charge for electric vehicles (EVs) beginning on 7/1/2025; allows EVs a choice of paying a registration surcharge or a per-mile road usage charge until 2033; requires motor vehicle registration applications to specify the type of fuel for which the vehicle is adapted; requires certificates of inspection to state the odometer reading; requires the Department of Transportation to plan for the deployment of a state mileage-based road user charge program by 2033 and submit a report to the Legislature; and appropriates funds.

HSEO's comments are guided by its mission to promote energy efficiency, renewable energy, and clean transportation to help achieve a resilient, clean energy, decarbonized economy. Sustainable funding for Hawai'i's roadway maintenance costs needs to be addressed to ensure a smooth transition as Hawai'i decarbonizes ground transportation. HSEO is currently engaging with State agencies and stakeholders to discuss the issues raised from this measure. HSEO regularly collaborates with the Hawai'i Department of Transportation (HDOT) on efforts including the designation of

Alternative Fuel Corridors by the Federal Highway Administration and the National Electric Vehicle Infrastructure (NEVI) Hawai'i State Plan to build out infrastructure on those corridors and will continue that collaboration.

HSEO supports the requirement in HB 1110, HD2, Section 2 to extend the mileage-based road use charge to all passenger vehicles and light duty trucks by December 31, 2033. It is an important signal to the market and the adopters of electric vehicles that the intent is to move all vehicles to a sustainable and equitable framework to collect revenues for road maintenance. The mileage-based road use charge should be devised in such a way to transparently incentivize residents to utilize more fuel efficient vehicles and alternative modes of transportation including public transit, electric mobility, bicycling, and walking. Residents can easily understand that reducing the miles they drive results in a lower annual mileage-based road use charge. To support the expedient transition to this revenue collection framework HSEO would respectfully request extending the authority to implement the program for all light duty passenger vehicles and light duty trucks to the HDOT within HB 1110, HD2. The authority could be added to Section 249(c) by adding a sentence "Vehicles subject to the state mileage-based road usage charge may include all light duty passenger vehicles and light duty trucks as soon as practicable but shall apply to all light duty passenger vehicles and light duty trucks no later than January 1, 2024." The authority would be in addition to the requirement that a plan be developed to fully implement a state mileage-based road use charge program to encompass all passenger vehicles and light duty trucks by December 31, 2033. This provides HDOT the flexibility to move forward as soon as practicable while maintaining the 2033 target.

The stated purpose of HB 1110, HD2, allows electric vehicle owners a choice of paying a registration surcharge or a per-mile road usage charge until 2033. HSEO has also suggested that HDOT be granted the authority to move forward with a mileage based road use charge as soon as practicable. Consistent with the stated purpose and the extension of authority to HDOT to implement as soon as practicable Section 249(d) would need to be amended to read:

Until ~~June 30, 2028~~ December 31, 2033 or such a time as the mileage-based road use charge is extended to all passenger vehicles and light duty trucks, owners of electric vehicles shall be offered a choice to pay a \$50 registration surcharge in lieu of the state mileage-based road usage charge.

Retaining the option for electric vehicle owners to pay a reasonable registration surcharge until all vehicles transition to a mileage-based fee will provide certainty to prospective zero-emission vehicle purchasers and enable continued growth in the zero-emission vehicle market.

Thank you for the opportunity to testify.