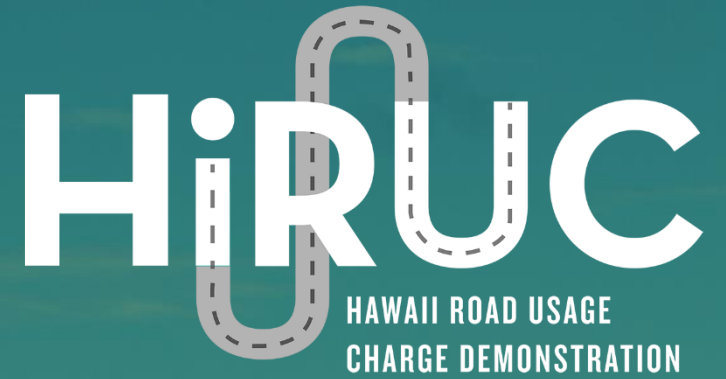
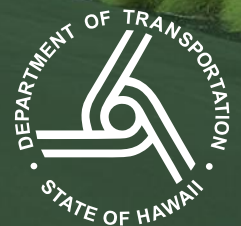


Hawaii Road Usage Charge Demonstration



Briefing for Maui County Council
Budget, Finance, and Economic Development Committee

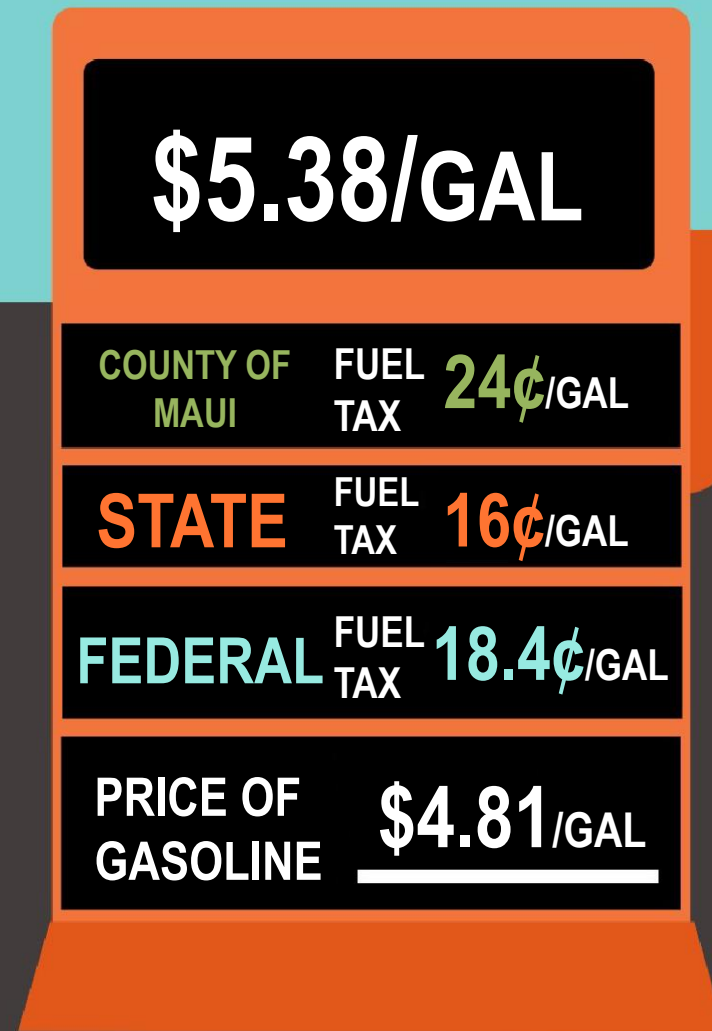
July 11, 2023



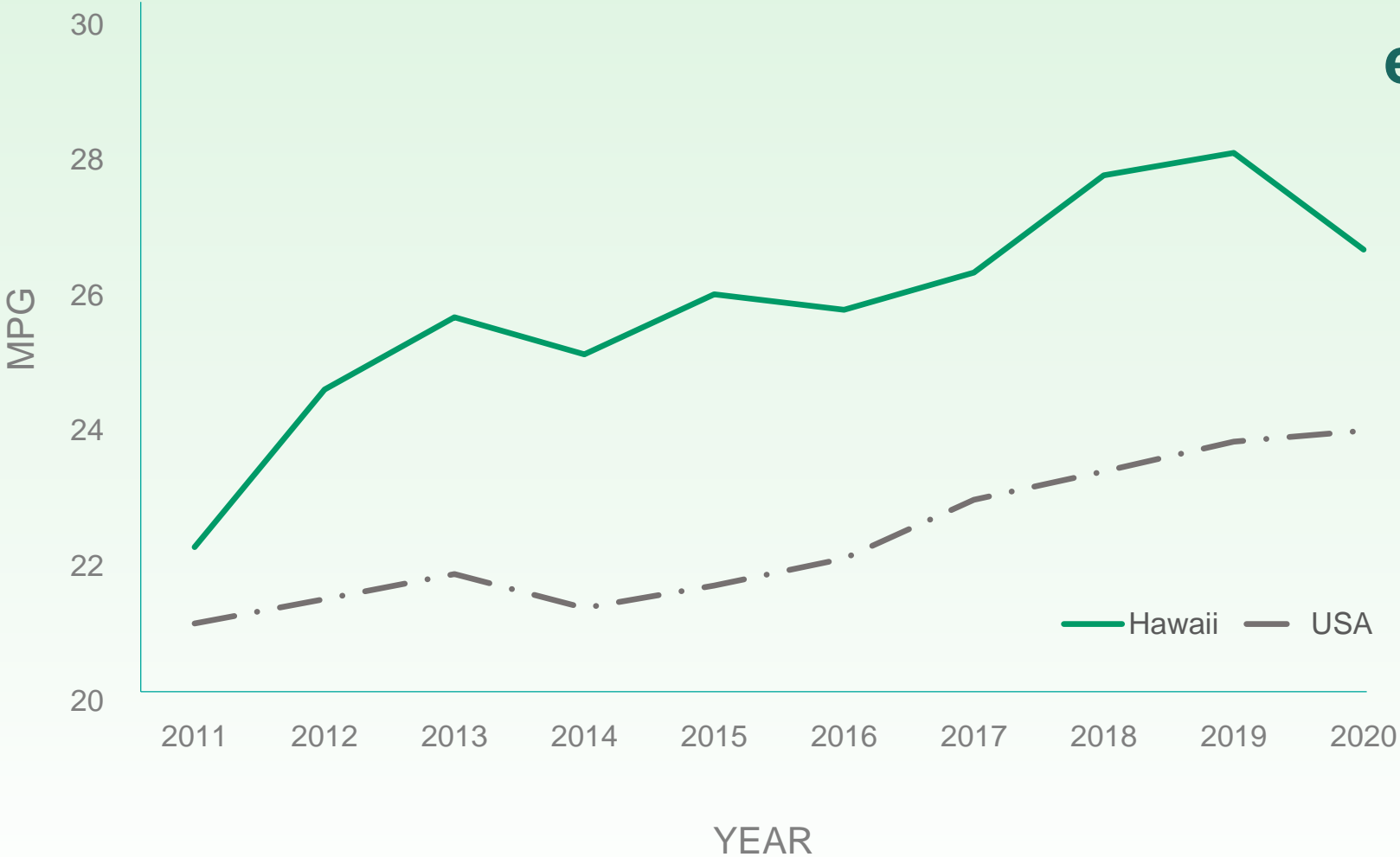
Received at BFED meeting on 07/11/2023 (BFED-21(4)); Submitted by Mindy Kimura, State DOT

Currently, the biggest share of our contribution to roads & bridges comes from gas taxes

GAS PRICE BREAKDOWN

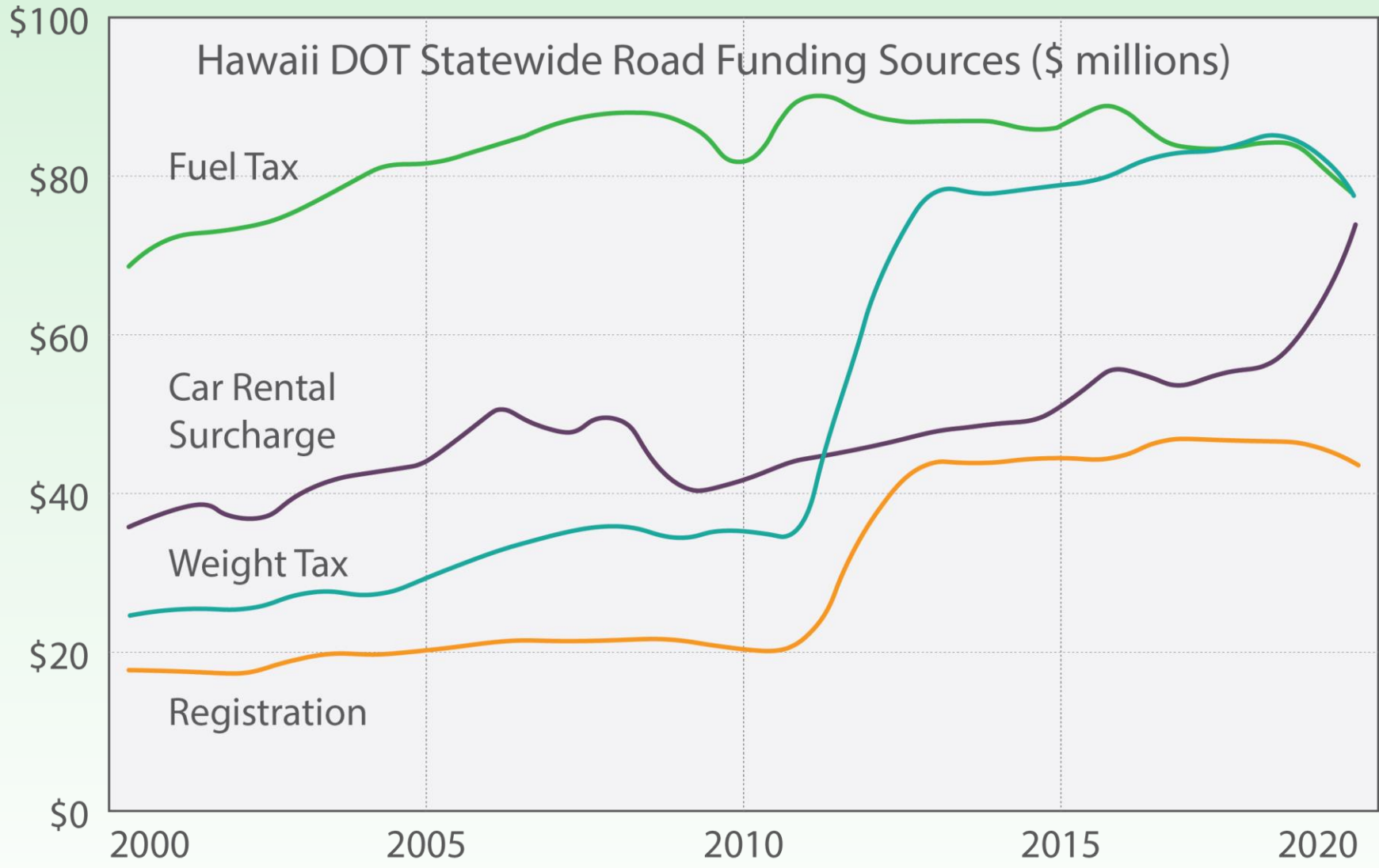


Vehicles are becoming more fuel efficient in Hawaii and across the country.



20% increase in Hawaii

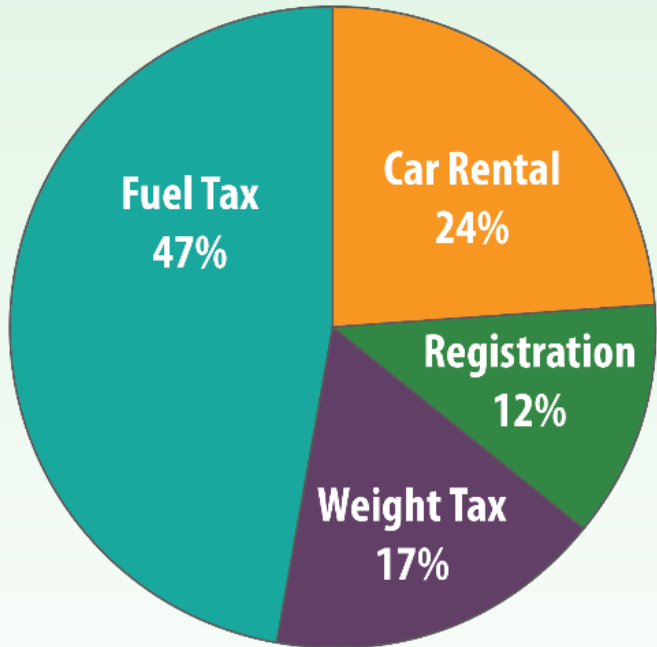
13% increase in the U.S.



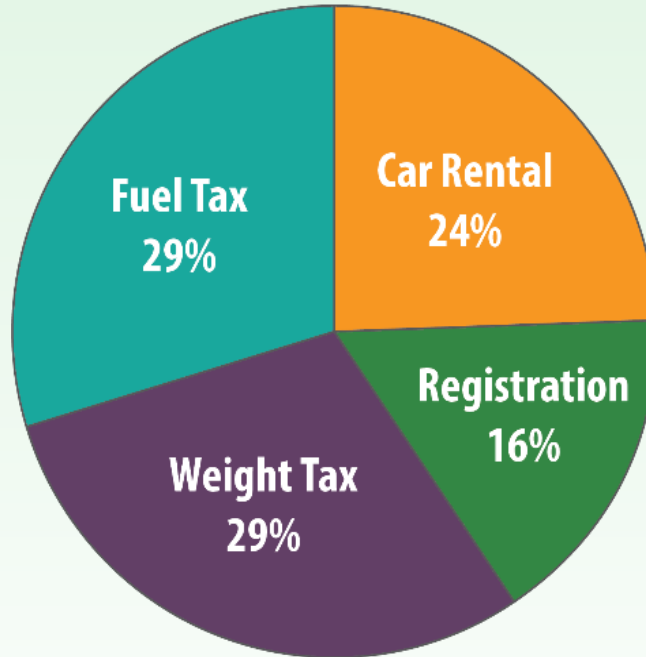
This is leading to a **flattening of fuel tax revenue** in most states – including Hawaii.

This causes a **growing and challenging reliance** on other revenue streams.

2000



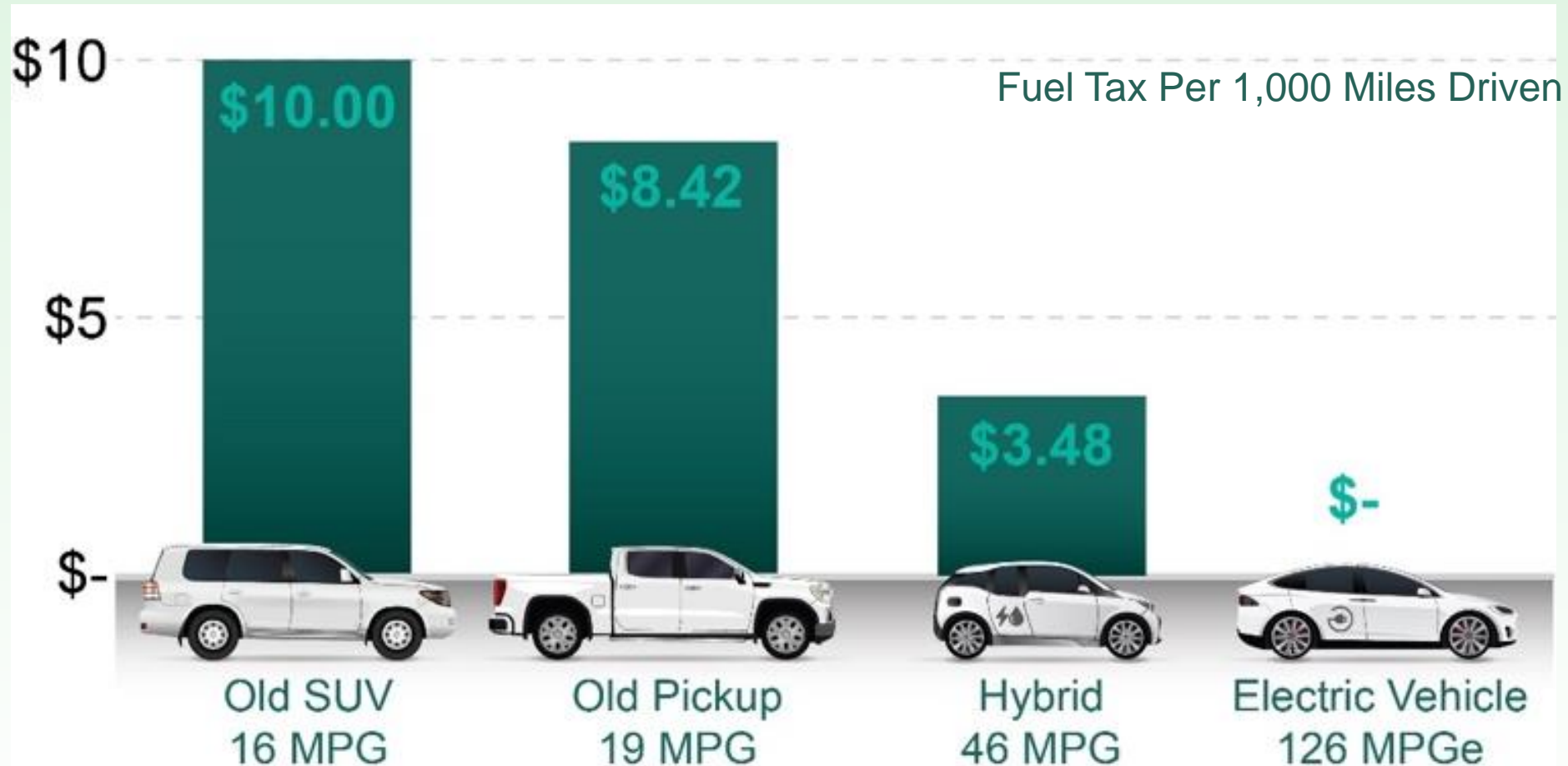
2020



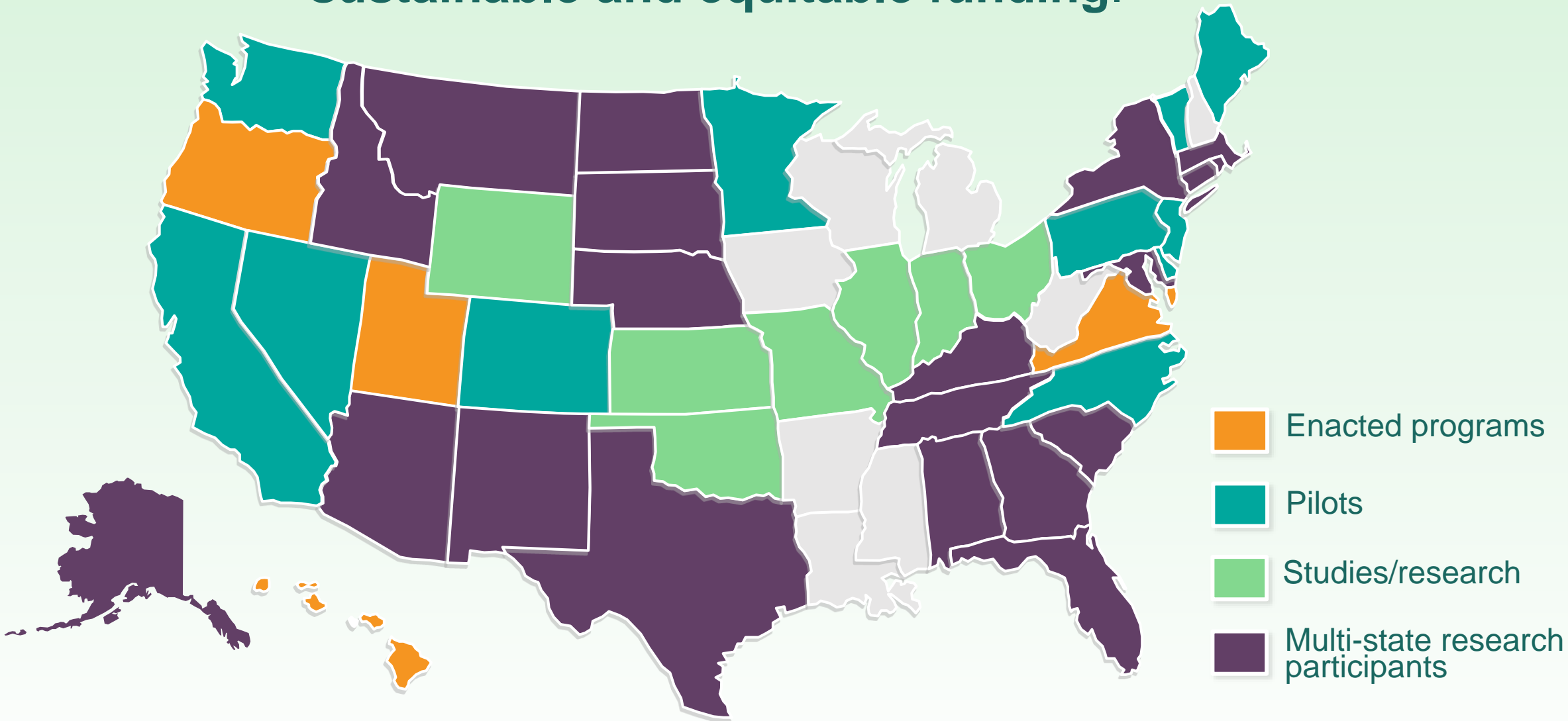
2045



Improving fuel efficiency is exacerbating transportation **tax inequities**.



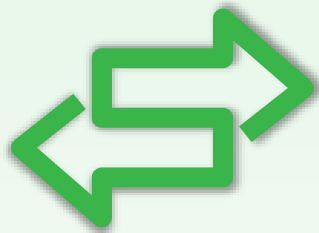
States are looking at road usage charging (RUC) for sustainable and equitable funding.



What is **Road Usage Charging**?

A per-mile fee that charges drivers for the miles they drive instead of the number of gallons of fuel they use.

Road usage charging:



preserves the
**user-pays
approach**



is more
equitable



ensures
**sustainable
funding**

Hawaii Road Usage Charge Demonstration (HiRUC)

Funded by STSFA

Community Meetings

Mar - May 2019

Meetings were held throughout the islands to hear questions, concerns, and other feedback from the community.



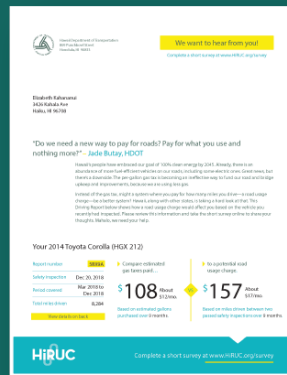
14
MEETINGS

on 6 islands &
1 virtual
community
meeting

Driving Report

Jul 2019 - Dec 2020

Driving reports comparing individuals' current gas taxes with what would be paid with a road usage charge.



359,969
driving reports mailed to
Hawaii drivers

Technology Test Drive

Jul 2020 - Jan 2021

Volunteers were recruited to test driving technology methods.
Fleet pilot: May - June 2021



Odofoto



Plug-in device
without GPS



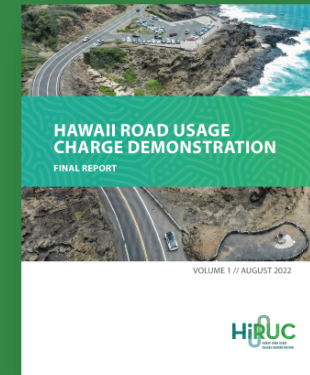
Plug-in device
with GPS

2,129
participants in the
Technology Test Drive

Policy Issues & Analysis

Jun 2019 - Aug 2022

Project team researched policy issues as identified by stakeholders and the public.

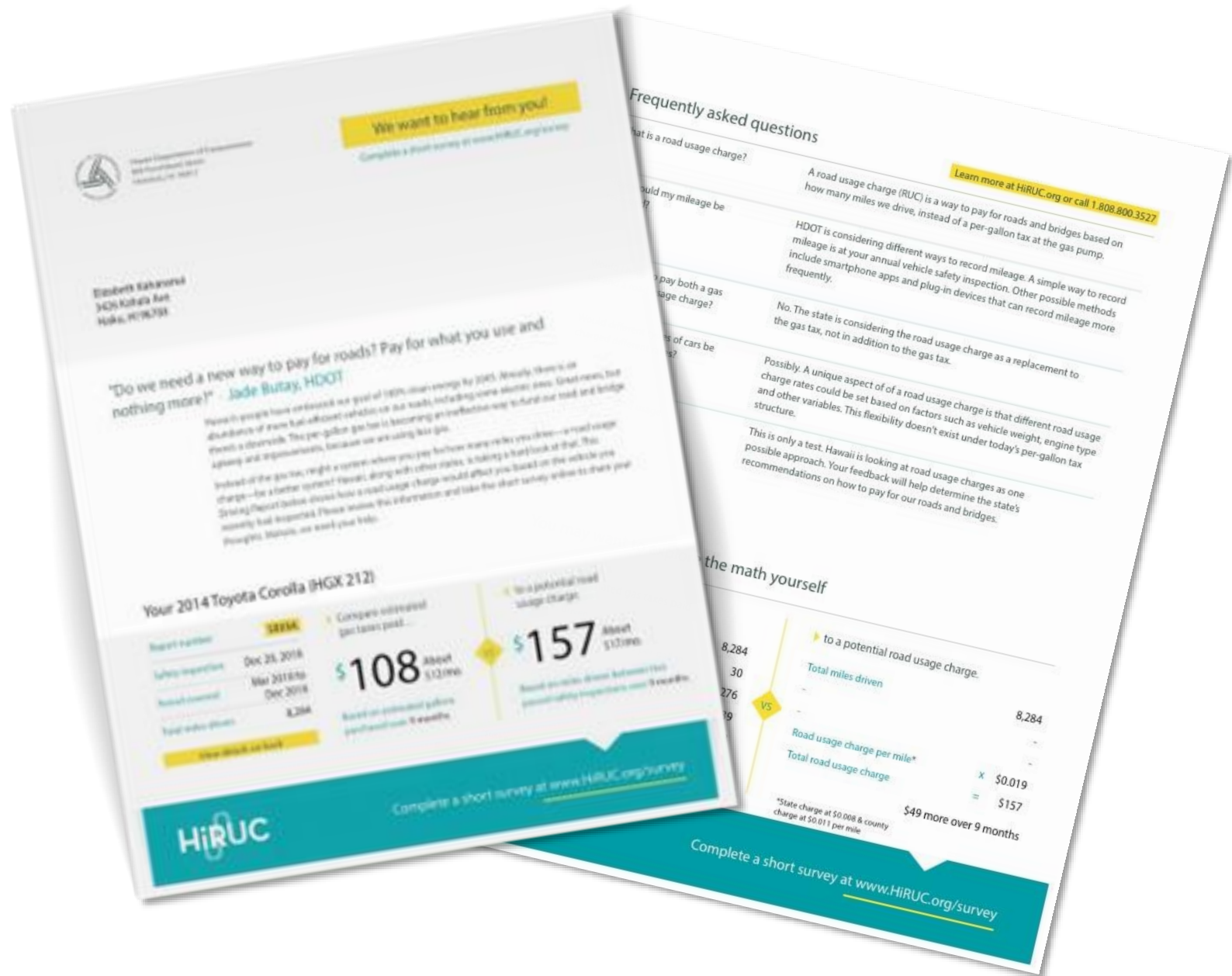


Final Report

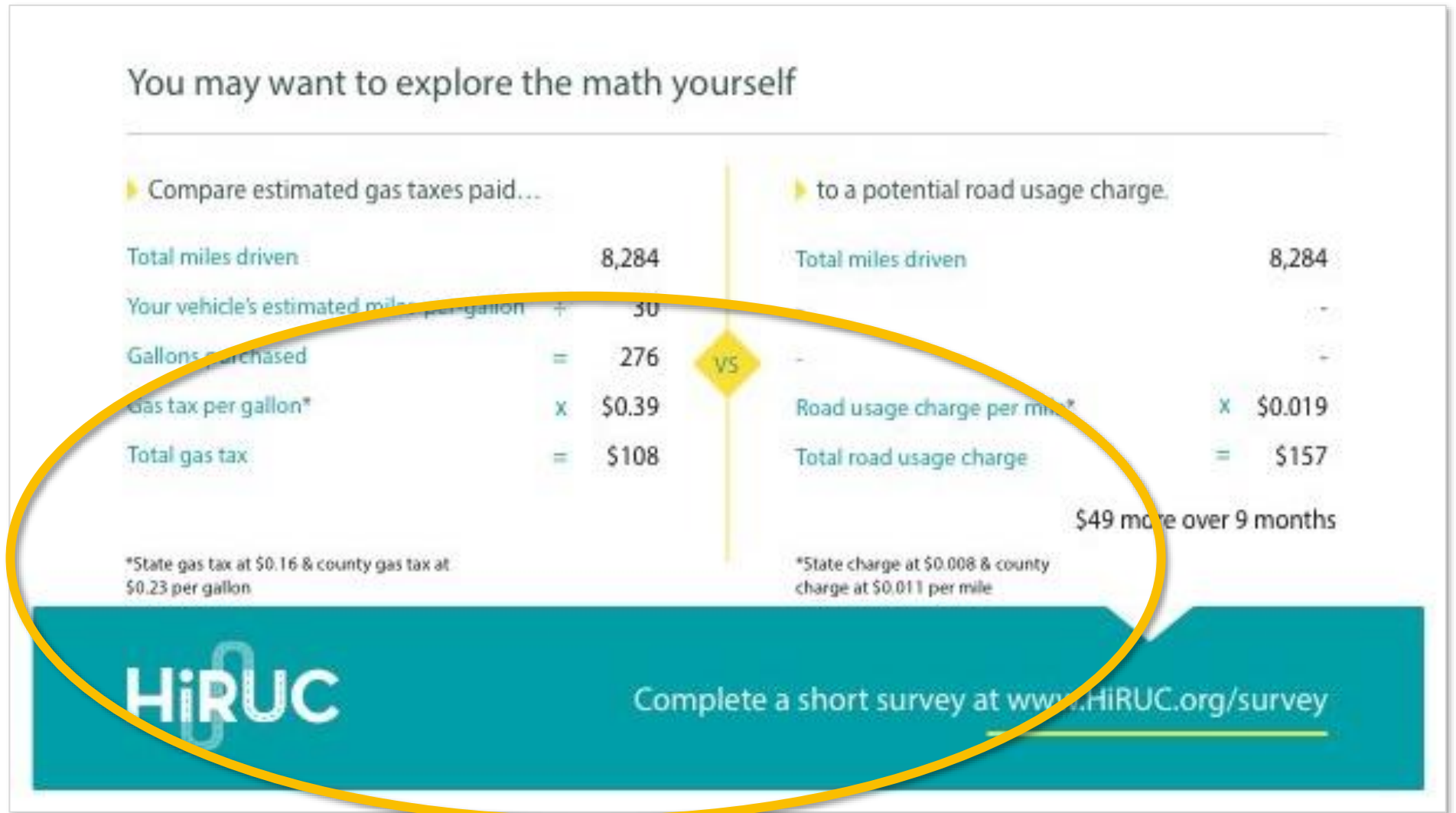
Report findings to policy
makers, FHWA, and fellow
states

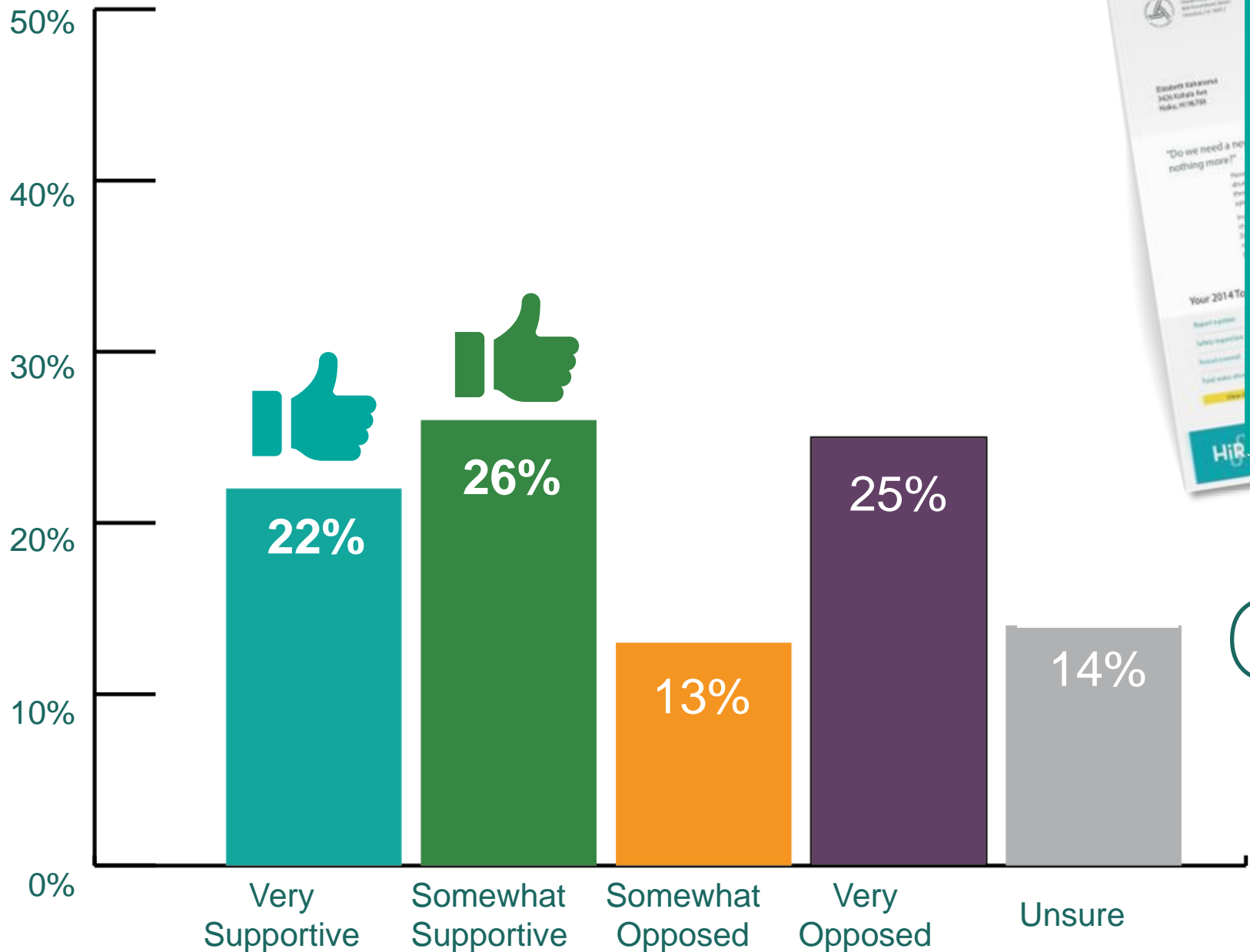
HDOT used the HiRUC Driving Report to connect with drivers about:

- Their vehicle
- Gas taxes paid the previous year
- FAQs about RUC



The Driving Report also showed what the driver would pay in state and county gas tax and RUC





**DRIVING REPORT
KEY FINDING
#1**

There is strong initial support for RUC.

Q: *What is your initial reaction to the idea of funding bridges in Hawaii through a RUC instead of a gas tax?*

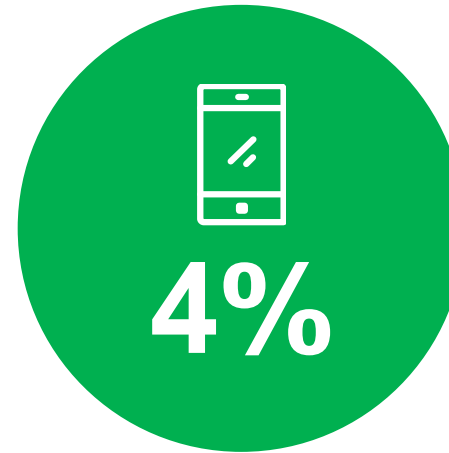
DRIVING REPORT
KEY FINDING

#2

Drivers prefer to report miles through the existing safety check.



Annual Safety
Check



Smartphone
App

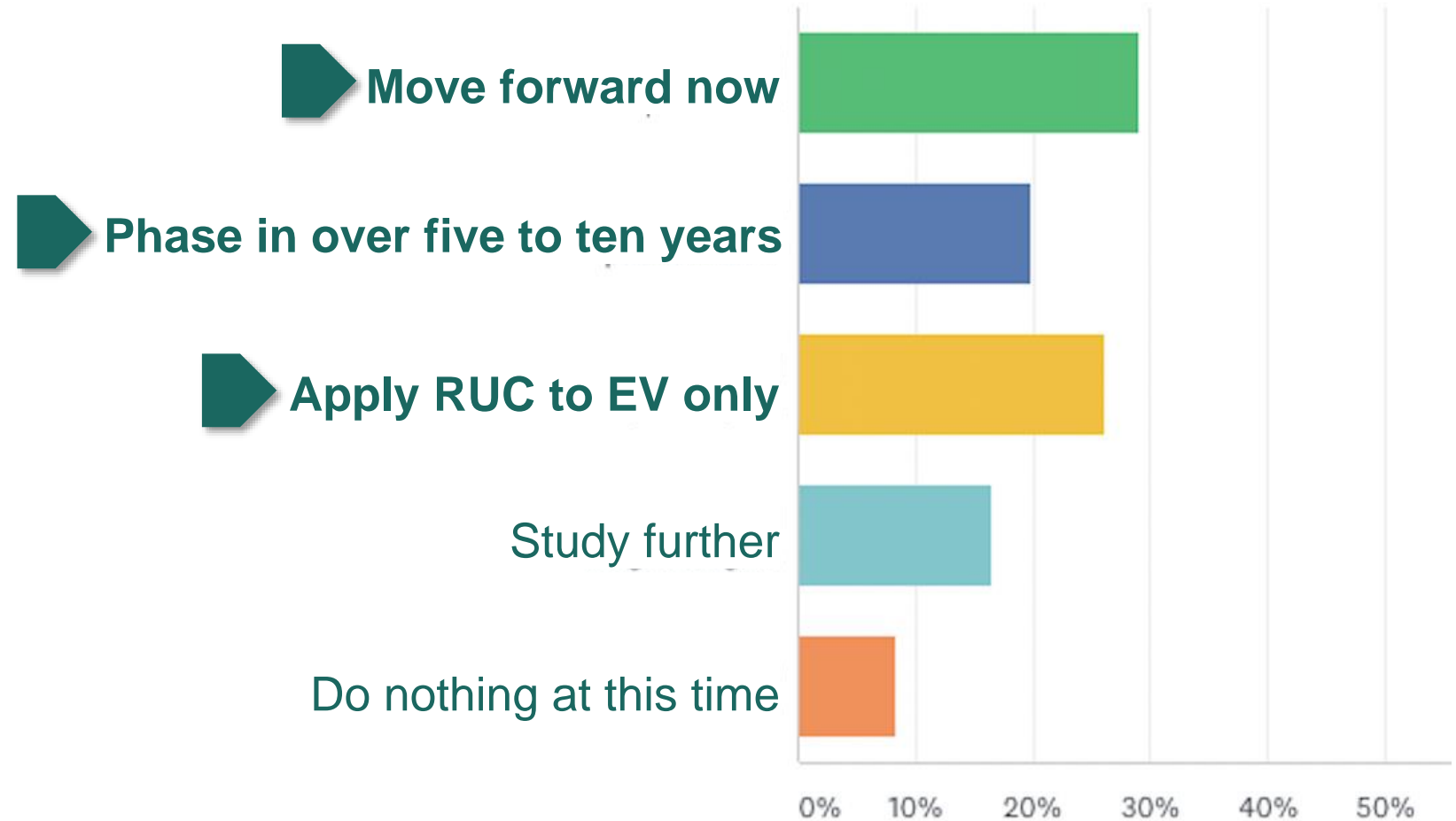


Report
Location

Q How do you prefer to report RUC miles?

KEY FINDING FROM
TECHNOLOGY
TEST DRIVE:

▶ About
75% of drivers
support moving
RUC forward.

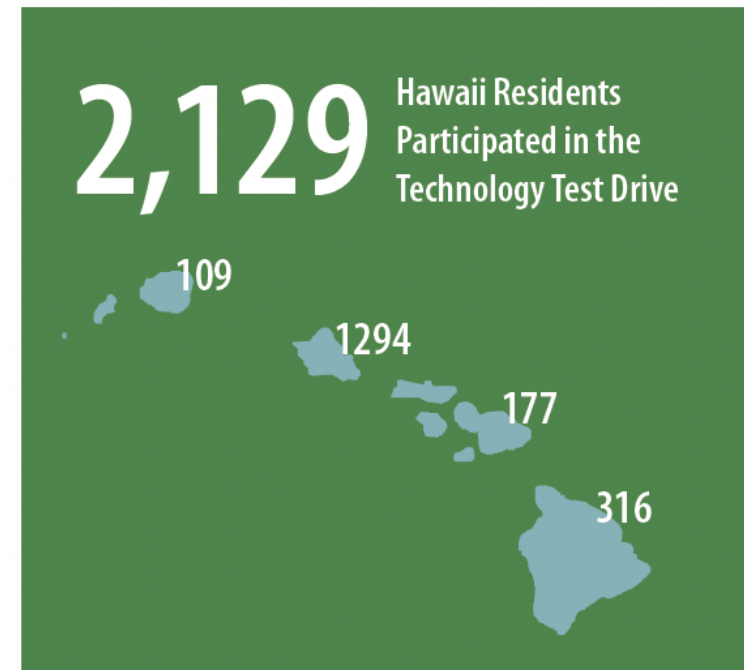


Which of the following best represents your advice to elected officials as they consider the next steps for a road usage charge for Hawaii? (Please select only one answer).



TECHNOLOGY TEST DRIVE & DRIVING REPORT

BY ISLAND



The Stakeholder Advisory Group provided critical input to guide the project.

STAKEHOLDER ADVISORY GROUP MEMBERS

- Hawaii Department of Taxation
- Hawaii County Department of Public Works
- City & County of Honolulu Department of Budget & Fiscal Services
- Kauai Department of Public Works
- Maui Department of Public Works
- AAA
- Blue Planet Foundation
- Chamber of Commerce of Hawaii
- State Department of Business, Economic Development and Tourism
- Hawaii Tourism Authority
- Hawaii Transportation Association
- Hawaiian Perspectives
- Tax Foundation of Hawaii
- House Speaker Scott Saiki
- Senate President Ron Kouchi
- Senator Donovan Dela Cruz, Chair, Ways & Means Committee
- Senator Lorraine Inouye, Vice Chair, Transportation Committee
- Senator Henry Aquino
- Lt. Governor Sylvia Luke
- Senator Chris Lee, Chair, Transportation Committee

Research addressed key concerns from stakeholders and the public about:

FAIRNESS

COMPARED TO THE GAS TAX:



Lower-income households would pay less in RUC.



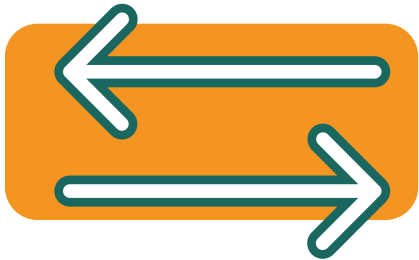
Rural households would pay less in RUC.

EASE OF REPORTING



9 in 10 Hawaii drivers prefer existing vehicle inspection for mileage reporting.

Policy Considerations and Implications:



RUC will **replace** the surcharge for EVs and eventually replace the fuel tax, avoiding perceptions of double taxation.



Rental car users would pay equitably into the system.



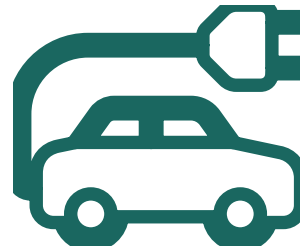
Electric vehicles are cheaper to operate than other vehicle types, even with RUC. **RUC is part of holistic approach to Hawaii 2045 clean energy goals.**

RUC is fairer than a gas tax.



LOWER INCOME AND RURAL HOUSEHOLDS

generally pay more in gas tax because they drive older, less fuel-efficient vehicles



EV ADOPTION

is currently skewed towards higher-income households

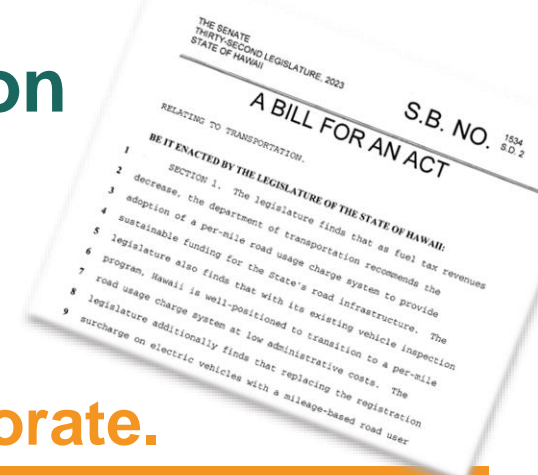


INCREASING THE GAS TAX EXACERBATES INEQUITY

because lower income households paying more and EV owners paying less, or nothing.

HDOT Recommendations aligned with RUC Legislation

It is time to begin transitioning to RUC as an eventual replacement for the gas tax.



1 Take the first steps.

- Introduce state RUC for EVs and eliminate the annual registration surcharge
- Charge EVs 0.8 cents/mile (amount average gas-powered vehicle pays in gas tax)
- Cap amount at \$50/ year (the amount the average vehicle pays in gas tax per year)

3 Continue to collaborate.

- Work with stakeholders, partner agencies, and the public to establish the program.

2 Leverage motor vehicle inspection.

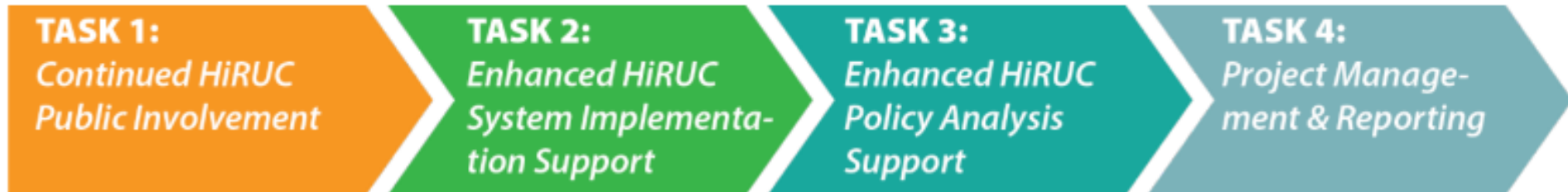
- Use the inspection program as the basis of mileage reporting

4 The legislation also...

- Permits a driver to choose between paying RUC or a \$50 flat fee until June 30, 2028
- Requires HDOT to develop plan to transition all vehicles to RUC by 2033, including elimination of RUC cap

Hawaii's new STSFA Grant: Implementation Phase

- Develop and execute a detailed system implementation plan for road usage charge program.
- Partner with state and local agencies to deliver a seamless and cost-effective road usage charge program.
- Provide actionable information to policymakers to refine and expand the road usage charge program
- Provide results instructive to the federal government and other states and jurisdictions



HDOT will continue coordinating with counties:

- to **implement state legislation**



This includes working with County Department heads, DMVs, and County Councils

- to **explore RUC further**



Topics include:

- A county RUC to replace the county fuel tax
- A 'wait and see' approach, including an extended timeline to implement county RUC
- As a stop gap measure, implementing a county registration surcharge for EVs and/or hybrid vehicles

Mahalo!



Scan to read
the HiRUC
Demonstration
Project
Final Report