



Feedback from RUC Community Meetings

Last updated August 31, 2019

**Meeting locations include: Kapolei, East Honolulu, and
Windward Oahu; Lihue & Koloa, Kauai; Lahaina, Wailuku, and
Paia, Maui; Kaunakakai, Molokai; Lanai City, Lanai; Kona,
Waimea, and Hilo, Hawaii Island**

Hawaii Road Usage Charge Demonstration

Contents

1.	Introduction.....	1
2.	Topics Raised in Community Meetings.....	2
2.1.	Administration of RUC.....	2
2.2.	Cost of collecting a RUC.....	4
2.3.	Enforcement of RUC.....	5
2.4.	Exemptions from RUC.....	6
2.5.	Financial.....	6
2.6.	Impact of RUC on long distance driving.....	9
2.7.	Impact of RUC on other modes of transportation.....	12
2.8.	Impact of RUC on plug-in electric vehicle (EVs) adoption.....	12
2.9.	Impose RUC on electric vehicles and hybrids.....	15
2.10.	Other states' experiences.....	17
2.11.	Price of gas.....	18
2.12.	Privacy.....	19
2.13.	Revenue alternatives besides RUC.....	20
2.14.	RUC as replacement for gas tax.....	23
2.15.	Setting the RUC rate.....	24
2.16.	State vs. county gas tax and RUC.....	26
2.17.	Taxes/government waste.....	28
2.18.	Technology for RUC measurement.....	30
2.19.	Tourism.....	32
2.20.	Treating different types of travel differently.....	33
2.21.	Treatment of the military.....	35
2.22.	Use of revenues.....	35
2.23.	Weight of the vehicle.....	39
2.24.	Miscellaneous.....	42



1. Introduction

This document contains a full record of comments and questions received at the Hawaii Road Usage Charge community meetings, held in March, April, and May 2019. Due to the volume of input, where possible, this document bundles similar comments and questions into topic areas and features responses for each category.

The approach of the Hawaii Road Usage Charge (HiRUC) project is to gather community input from as many viewpoints as possible on the concept of a road usage charge (RUC). Hawaii Department of Transportation's (HDOT) project team will work with community members, stakeholders, and volunteers to design alternative ways to collect a per-mile charge based on the input received. The output of this project will be potential approaches to a fair revenue collection system and will form the basis of recommendations made to the legislative body from HDOT's Administration.

HDOT would like to thank everyone in the community who has taken time to share thoughts, ideas, concerns, and questions about the concept of a road usage charge. This is only the beginning of the research, and we invite and encourage continued feedback and participation as we test alternative approaches with drivers and study the impacts of RUC on our community. This work will inform our choices around how to fund our roads in a fair, stable, and reliable way for the long-term benefit of our state.

HiRUC is a three-year study being conducted by Hawaii Department of Transportation on per-mile road usage charges as a possible future replacement to the state gas tax. The study is funded by a \$3.998 million grant from Federal Highway Administration. The latest information on the project can be found at <http://hiruc.org/> along with a video of the online meeting.

Disclaimer: The views, thoughts, and opinions expressed in the text are not necessarily those of HDOT.

2. Topics Raised in Community Meetings

2.1. Administration of RUC

A few questions have been asked related to administration of a future RUC system, including who will be accountable for the revenue that's collected, how the process would work, how often drivers would be billed and by whom.

The HDOT research team's starting assumption is that an agency within Hawaii state government would conduct most administrative duties for collecting RUC, but that private firms with special expertise might also have a role to play. The HDOT HiRUC team will research a variety of approaches and forward recommendations to HDOT's administration for submission to the legislature as part of the final project report.

How the administration of RUC would interface with customers is the subject of the current research. The project team is looking to the public for input on their preferences for how they would prefer to report their miles driven, how frequently they would prefer to pay, and where. As part of this the project team is also researching the policy, system, and financial implications of combining one or more road fees with the road usage charge, such as weight taxes and registration fees.

If RUC were to replace the gas tax, HDOT will include recommendations in the final report that RUC revenue collected would be treated in the same manner as the gas tax is today: placed into the State Highway Special Fund where the money can only be spent on State roadways; program costs would be examined and money appropriated by the legislature; and all revenues and expenditures would be audited by the state auditor.

Based on feedback from community meetings, HDOT will identify any unique issues related to a mileage-based fee that might warrant additional oversight and/or verification of funds and expenditures.

In order to calculate the proper RUC owed for each vehicle, the agency that manages vehicle data is a critical part of the administration. The City & County of Honolulu and other counties have been and will continue to be consulted throughout this research project. The Department of Taxation is also a project partner through the RUC stakeholder advisory group.

Comments and questions:

- ▶ Who will provide the checks and balances for the money collected under a RUC system? – Kapolei

- ▶ Is the HDOT fully staffed in order to implement these proposed RUC ideas and to function effectively? If not, what can a community do to get you fully staffed and with the right people? – Kapolei
- ▶ What if you switch cars between safety check? The amount of effort for the administrative is really high. The state already has a lot of inefficiencies. I did the calculations and it will be an even swap for me. How are you going to bill us for that? Will it be at registration time and we're going to have to eat the cost? The people in rural areas don't feel it when they pump gas, and these are the people that are not so good at budgeting, the people that can't afford to pay once a year, but they don't have smartphones or consistent technologies. Sometimes the administrative costs are the highest costs. – Kona
- ▶ Will the Driving Statement be once a year? Gas is paid regularly, however, \$150 per year could be a real burden for some people. – East Honolulu
- ▶ Is there coordination between DOT and (department of) taxation? So people in private practice can make this a tax write-off. – Windward Oahu
- ▶ Is there a potential platform for combining federal, county, and all road use fees? Can we figure out how one tax could handle it all? – Windward Oahu
- ▶ When would we implement this tax on us? Not just at the end of the year, which is when I pay my registration. I wouldn't want everything at one time. – Windward Oahu
- ▶ Why would we pay a private company extra money to collect a RUC to fund our public roadways when the public employees already provide similar tax collection services? – Wailuku
- ▶ It's a lot easier to pay on a daily, per-gallon basis than it is to suddenly pay a lot more at the end of the year in RUC. That instantly-due amount is going to be a much bigger issue than a small increase (say 2 cents/gallon) that can be paid little by little each time you fill up your car. – Wailuku
- ▶ A fleet owner that has several vehicles would have to pay a very large RUC bill all at once, at the end of the year, which is a big challenge for a business's cash flow. – Wailuku
- ▶ What will happen to all of the state and county vehicles – will they be required to pay RUC as well? – Paia
- ▶ Who's going to collect the RUC funds? Is the money going into a big statewide road fund or will be it deposited county by county? You should include diesel trucks because they are the ones destroying our roads. – Hilo
- ▶ Would government vehicles pay the same as citizen drivers pay under RUC? – Hilo
- ▶ I question why the state taxpayers should pay for travel of state employees who use a state-owned vehicle. – Hilo

2.2. Cost of collecting a RUC

Several attendees raised the question of the costs to administer a road usage charge. They noted that collecting a fee based on distance traveled would be more labor intensive than collecting the fuel tax. They wanted to know whether HDOT would examine costs as part of the research into road usage charges.

Understanding the costs of the various approaches to collecting a road usage charge is an important consideration. The HiRUC work plan includes an analysis of collection costs of a road usage charge. The costs are likely to be higher than cost associated with collecting fuel taxes, which is among the lowest of taxes and fees.

Several variables influence the cost of collecting road usage charges, such as how vehicle owners report mileage (e.g., through safety check versus in-vehicle technology, smartphone apps, or other methods), how often it is collected (e.g., annually vs. quarterly), and how many vehicles are subject to the charge. This analysis will be conducted in parallel with the demonstration phase of the project in 2020 and 2021 and will feed into the research report containing recommendations to the legislature.

As part of collecting a RUC, the project will examine which governmental agency would be involved, and whether reorganization, establishment of a new office, or procurement of additional services may be required. Potentially affected agencies outside of HDOT will be involved in these discussions as part of this study.

Comments and questions:

- ▶ Why would you trade an automated way of tax collection for a non-automated, more labor-intensive method? Won't we lose money to the cost of collection? – Kapolei
- ▶ Will the study include the administrative costs of RUC? – Lahaina
- ▶ How can you understand whether RUC will work if you don't know what the administrative costs are? – Lahaina
- ▶ Cents per mile, that's fair. However I would want to know who would have the authority to manipulate the costs over time. This sounds like a new way to generate revenue. But if \$83M is the deficit you're trying to replace, what is the cost for running this program? How much more than the \$83M would it cost to run the program? – Molokai
- ▶ What is the administrative burden? – East Honolulu
- ▶ How much do you expect this 3-year study to cost? How much will it cost to implement this system of charging everyone by the mile? – East Honolulu

- ▶ Where will the money we pay go? I don't think it will go into the roads; it will go into companies to build smartphone apps to collect RUC but not into the roads themselves. – Wailuku
- ▶ Is part of your study to examine how much it will cost to run the RUC program? – Hilo
- ▶ The geographic layout of this island (Hawaii) is huge. The cost to provide public services is expensive. As one example: if someone calls an emergency vehicle, won't there be a ripple effect to the taxpayer? What is the cost impact to government and emergency vehicles if RUC is imposed? – Hilo

2.3. Enforcement of RUC

Many commenters raised questions related to compliance or enforcement of a RUC program.

One of the central points of HDOT's research of RUC for Hawaii is how to ensure the correct reporting of an odometer reading, including detection of odometer fraud. Once assessed, the vehicle owner would have an obligation to pay RUC whether or not they sell or abandon the vehicle during the next year.

Getting a vehicle safety check is a matter of individual responsibility that each vehicle owner has under their control. If someone is late getting a vehicle safety check, this could result in a slightly higher RUC payment than if the driver had it done on time.

There are options for enforcing RUC in an odometer-based or technology-based system. HDOT will research and provide recommendations to the legislature for viable approaches.

Some specific situations expressed in the meetings, such as junked cars, change in ownership, etc., will need to be examined during the policy making and implementation stages. New or modified enforcement legislation and policies may be needed. The project will examine potential ways a RUC could be implemented and provide a discussion of possible enforcement measures and recommendations.

Comments and questions:

- ▶ What happens if someone takes their car out of service for a year, but RUC is paid based on the prior year mileage? This is why the gas tax "pay-as-you-go" system is a better approach. When vehicles are junked on the side of the road, the RUC won't be collected for the prior year. – Lihue
- ▶ How will we know that the odometer mileage will be correctly reported, and no odometer fraud involved? – Koloa

- ▶ If I am late getting my safety check, won't my mileage be much higher, and I will then be taxed unfairly? How can you avoid that? – Kapolei
- ▶ Can or will people get caught for non-compliance with paying the RUC, and if they get caught not paying their fair share, what happens to those people? – Molokai
- ▶ What's to stop people from disconnecting the odometer? – Windward Oahu
- ▶ Some people report that it is easy to roll back or sabotage the odometer. – Wailuku
- ▶ Using the safety check for mileage collection is a failure already, because so many cars come out of the woods at night. That safety check program itself doesn't work so why would you base your new tax on it? – Paia
- ▶ If you are depending on odometer readings taken during the vehicle inspection process to provide the mileage information for RUC, then only newer cars will be subject to RUC. How do you propose this kind of RUC system when you can't answer how to get around the limitation of older vehicles with unreliable (or no) odometers? – Paia
- ▶ There could be a rash of odometer rollbacks. – Hilo

2.4. Exemptions from RUC

Several attendees raised the notion of exemptions from RUC, including exemptions for certain types of driving, or certain types of vehicles, or certain geographies. Some residents expressed a desire to remain exempt from RUC by choosing instead to pay gas taxes.

The project team will not only research possible exemptions but seek to test whether electronic reporting of miles allows for exemptions to be made simpler, easier, and more transparent to drivers. For example, miles driven off road or on private roads could be exempt.

- ▶ I agree with choice. I don't think it should be shoved down our throat one way or other. And all the off-road driving? – Molokai
- ▶ I can opt out of using electric or water. How can I opt out of this? Not driving on state roads? – Molokai
- ▶ Ranchers that don't drive on the road, how can you not penalize them? – East Honolulu
- ▶ What is the option for people who live off public roadways? I drove 213 miles on private roads and 60 on public roads. Will the RUC replace all gas taxes (state, county, federal) or just the state's gas tax? – Hilo

2.5. Financial

Many attendees wanted to understand the reasons for researching road usage charges. Some were skeptical of the claim that gas tax revenue is flat and declining, while others agreed with the eventual need to address declining gas tax revenue. Residents also



expressed interest in understanding contingency plans and personal impacts in the future under new or different revenue policies. Some residents assumed the RUC rate would be raised in the future, while others wondered whether the same purpose RUC aims to accomplish could be done by increasing the gas tax or looking at other revenue mechanisms.

This project introduces the concept of a mileage-based road usage charge and will study a comparable RUC rate for the replacement of the 16 cents per gallon state gas tax. This HiRUC study will not look into any revenue increases or perform studies for alternative revenue sources.

The Hawaii state gas tax was adopted in 1932 and over time, increased to 16 cents per gallon in 1991. From 2007 to 2016, the state gas tax increased to 17 cents per gallon level, and since then has reverted back to the current 16 cents per gallon. While the state gas tax has served its purpose for the past 87 years, it is outdated. Vehicle types and fuel efficiencies have evolved; thus, the current state gas tax may not be the most equitable when considering all types of vehicles currently, and also looking into the future.

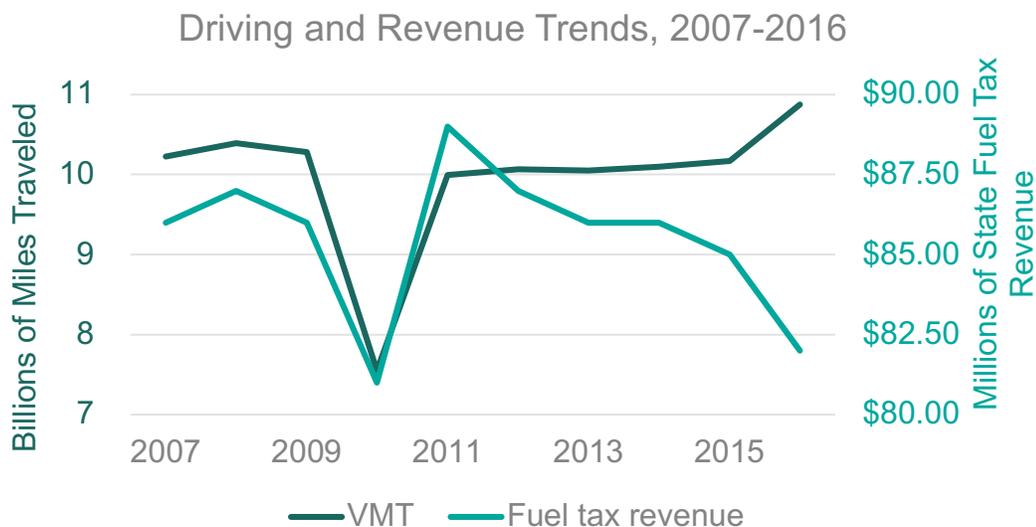
As part of its initial feasibility study into road usage charges in 2016, HDOT identified that gas tax revenue began to flatten around 2007, declined during the recession of 2009-2010, and recovered in 2011. Historically fuel tax revenue has risen and fallen with miles traveled. But from 2011 to 2016, this trend broke: gas tax revenue declined 8% from \$89 to \$82 million, while the number of miles driven in Hawaii increased by 9% from 10 to 10.9 billion [Note: the state fuel tax rate declined from 17 to 16 cents per gallon on July 1, 2016; had the rate remained at 17 cents per gallon, revenue from 2015 to 2016 would have been roughly flat]. With the exception of 2016, this diverging trend of declining gas tax revenue even as cars drive more miles on the roads is the result of more fuel-efficient vehicles.

When looking at the available consumer price index for Hawaii, the CPI-U for Honolulu was 148.0 in 1991, when the 16-cents per gallon state gas tax rate was established. In that year there were 920,124 registered vehicles. In 2017, there were 1,288,554 registered vehicles, and the Honolulu CPI-U was 272.014. During this 26-year period, the number of registered vehicles grew by 40.0% and inflation grew by 83.8%, with the state gas tax at 16 cents per gallon in 1991 as well as 2017. Therefore, even though the number of registered vehicles increased, the gas tax has not kept pace with inflation.

The 18.4 cents federal gas tax goes to the federal government's Highway Trust Fund. Applying highway statistics, the individual states are apportioned a share of the total federal gas tax collected nationwide. The HDOT's apportionment from the FAST Act was \$161 million in 2018.

Cars overall, including SUVs and pickup trucks use less fuel per mile than they did just a few years ago. In addition to these passenger vehicles improving in fuel efficiency, alternatively fueled cars have entered into the marketplace. Engine, transmission and other vehicle technology have evolved and the mix of different types of vehicles has changed and will continue to change. A new, fair way to collect revenue for roads is needed for the future. The Pacific Business News article published toward the end of 2018 suggests that Honolulu has the 8th highest market share of EV in the U.S. at 2.2%, and the second highest adoption rate after the state of California.¹ It is anticipated that over time, the mix of alternative fuel vehicles will increase with a corresponding decline of fossil fuel burning vehicles.

HDOT will continue to monitor and update fuel tax and driving trends as part of the HiRUC study. In addition, the project work plan calls for working with data and projections from state and national research bodies such as the State Energy Office and Energy Information Administration to project future fuel consumption trends and their impacts on state highway funding.



Comments and questions:

- ▶ Can you provide some numbers on how much revenue has been lost from, say, 2006 to 2019 and how much population increases over this period have off-set any revenue decline from fuel efficient cars? – Kapolei

¹ Pacific Business News, "Honolulu among top 10 electric vehicle markets in America," <https://www.bizjournals.com/pacific/news/2018/11/16/honolulu-among-top-10-electric-vehicle-markets-in.html>, November 16, 2018.

- ▶ When was the 16-cent tax enacted? How many vehicles were there when that tax was enacted, and how many now? – Kapolei
- ▶ Why is this change necessary? – Kapolei
- ▶ I don't believe less gas tax is being collected now compared to past years. With so many more trucks and SUVs using more gas, we probably get more gas tax revenue now than in the past. – Kapolei
- ▶ It seems that our needs will quickly outgrow our revenue stream. – Lahaina
- ▶ It seems like this isn't an "if" but a "when" scenario. If in 20-30 years every car on the road is electric, then something is going to have to change. – Lahaina
- ▶ My family driver a hybrid. We also use the bus for Ewa to downtown route. How will my transportation costs change over time as gas tax revenue decreases? – Kapolei
- ▶ What happens when fewer miles are traveled and the coffers run low again? – Kapolei
- ▶ Where does the 18.4 cent federal gas tax go – does it all come back to Hawaii? – Kapolei
- ▶ If RUC happens, then what back-up plan does HDOT have when people start using public transportation because they can't afford to drive their vehicle? – Kapolei
- ▶ You are assuming that more people will be buying electric vehicles but that is not true because who can afford to buy an electric vehicle in Hawaii? Most of us barely make enough money to survive here. – Kapolei
- ▶ You appear to be targeting hybrid, electric, and gas vehicles for RUC. How are you considering diesel (commercial vehicles)? What will the impacts of RUC be to diesel vehicles? For distribution, the cost of goods would have to go up to cover RUC; the cost of bread could be \$10, for example, with a RUC. – Hilo

2.6. Impact of RUC on long distance driving

Several commenters questioned how RUC would affect long distance driving. They assert they have necessary personal or business reasons to drive long distances and have concerns that the amount they would have to pay under a RUC program would be very high. Some regard RUC as a penalty for driving a lot.

Drivers already pay a 16 cent per gallon gas tax for driving. If a driver drives long distances currently, they purchase more fuel, and accordingly pay more gas tax.

If a RUC is implemented, drivers would no longer have to pay the state gas tax, so their travel costs would be lessened by that amount. A RUC that replaces the state gas tax may be slightly less, about the same, or slightly more than the state gas tax, depending on the fuel efficiency of the vehicle, and how the RUC rate is set. No driver would pay both the RUC and the gas tax.



The HDOT cannot predict the exact RUC rate that would be used if a RUC is adopted in Hawaii. Therefore, this HiRUC project will simulate a *replacement* of the current 16-cents per gallon state fuel tax with a per-mile RUC. Today, the average person pays 16 cents per gallon for driving on the state's road system and drives a car that gets about 22 miles per gallon. A comparable RUC rate would be approximately \$.0073 per mile; that's less than a penny per mile. Under this scenario, a driver traveling 10,000 miles per year will pay about \$73 dollars in RUC annually, which is the same amount this driver currently pays in gas tax. [Formula: \$.0073 x miles = RUC]. A driver paying RUC will not pay the gas tax, so this driver would not pay the \$73 in state fuel tax, but would pay \$73 in RUC, and would not see any change in the overall cost if the vehicle's fuel efficiency is at the state's average of 22 miles per gallon.

Under a RUC rate comparable to the state gas tax, if a driver owns a vehicle that gets less than 22 miles per gallon, that driver would pay less under a RUC scenario. If a driver owns a vehicle that gets more than 22 miles per gallon, that driver would pay more in RUC as compared to the state fuel tax.

Comments and questions:

- ▶ I drive 9,600 miles every year. What will my cost be for this RUC plan? – Kapolei
- ▶ My parents are retired and live on retirement and social security. Last year just medical appointments and related business they drove almost 2,000 miles. How are senior citizens who still drive and live on the Waianae coast supposed to afford another expense? – Kapolei
- ▶ I work in Lahaina but live in Kakaloa and have to drive all around the island. I'm worried about the costs. – Lahaina
- ▶ City mileage is always less than highway mileage; being stuck on the gas tax implicitly taxes people stuck in congestion. Under RUC, the cost will be shifted to longer distance drivers, and that will impact West Maui County drivers. Revenue neutral approach has the effect of shifting the tax burden to longer distance drivers. – Lahaina
- ▶ There is a person in Kauai who owns a small business and travels 100,000 miles each year due to work reasons; he would be penalized under RUC. – Kapolei
- ▶ How many residents from west end/east end? Those residents are already hurting because they have to drive into town to get their groceries. They don't have a choice. So that has to be taken into account. – Molokai
- ▶ I see the problem that we need to take care of our revenue to take care of our business, whether it be education or homeless. We live differently in Hawaii, so the poor people have to drive long distance. You're going to spread the money out to those that have to drive far. They have to move out far, they can't bike or walk to work. Make the lottery so that they don't have to tax the poor people. – Molokai

- ▶ Whatever you study, please keep in mind that the results should be equitable for all the communities across the state. This is a rural community. We don't have the options that urban areas have. We don't have public transportation, we don't have Uber, we don't have Lyft. For those options, you are not paying the road usage tax. Many people live far away from groceries. That is not the case for urban areas. Equity means looking at rural people. Also look at the expense of repairing the highways. If you want everyone to contribute to the highway, it should be equitable. It's going to cost a lot more to repair H1 than it costs to repair our road with the weeds on the way from the airport. – Molokai
- ▶ Also take a look at the indigenous communities. They live in homestead. There are a lot of roads in the homestead. Hawaiians have to drive a lot further. – Molokai
- ▶ Mileage tax is regressive. The people that drive further that live in a rural area, they shouldn't be punished for that. – Lanai
- ▶ The islands are rural. The people that have less money live further away. My husband drives to Hilo every day. – Kona
- ▶ I see those driving 2 hours to work and those that live here that don't drive far, you look at this (RUC), it's not fair. – East Honolulu
- ▶ Have you put great thought into who uses the roads the most? The buses, the policeman, the people who are really out there, how are they going to get taxed and how do they feel about it? Civil servants, this is an extra tax on them. – East Honolulu
- ▶ Create a new tax, but not this, for people that have to travel all the way from Waianae to the Marine Base for work. The hybrids and EVs, they are paying also to put electricity back in their car. – Windward Oahu
- ▶ This is an unfair impact on those that drive long distances. – Windward Oahu
- ▶ What about middle-class drivers who can't afford electric vehicles, but we have to drive all over to support our kids' activities, work, etc.? What about families that drive longer distances? Won't RUC impact them unfairly? – Wailuku
- ▶ We need definite answers about the impact to drivers of this RUC proposal – not just "maybe" or "possibly" or "estimates." – Paia
- ▶ People like us that live in outlying areas like Hana, Lahaina, etc. will be penalized because we have to drive further and will have to pay more under RUC. Are you expecting us to move into town? If so, the housing problem is going to be worse. – Paia
- ▶ RUC is going to be a regressive charge on rural communities, especially those people that must live in outlying areas and may work in lower wage jobs. – Paia
- ▶ My wife is a teacher, she drives every day for 45 minutes to work, and we drive a hybrid. We want to be sure you are considering impacts to our situation. – Paia
- ▶ Big Island has a lot of road usage because we have to drive long distances compared to Honolulu. Won't RUC impact us disproportionately? – Hilo

- ▶ Is HDOT hiring a firm to do these RUC studies? How much are you paying a firm to do this study? When you say “stakeholders” who are you talking about, everyone who owns a vehicle? It would be nice to hear how much this RUC would cost us. Will there be a cap on how much RUC is owed by a vehicle? For those that have gas vehicles and drive far, there is a different dynamic on Hawaii Island. There are many unpaved roads. If RUC is collected for that driving where would the money go? I can’t afford the current gas tax. I don’t think the research team understands the cost to live here: \$800,000 to buy an average house. – Hilo

2.7. Impact of RUC on other modes of transportation

A few people have wondered whether (or how) RUC might impact other forms of transportation besides personal vehicles. For example, how would RUC affect people who ride public transit, or shared ride services like taxis, or even bicycles and electric bikes?

Since HDOT is looking at addressing funding challenges related to the gas tax, and HDOT’s commitment to the federal government is to study a mileage-based option for the replacement of the fuel tax. This HiRUC project is not intended to explore possible taxation of modes that do not use any gasoline, such as rail, bicycles, and e-bikes. Taxis and rideshare vehicles would be subject to a RUC as like any other vehicle.

Comments and questions:

- ▶ How will e-bike and bicycles be taxed? – Kapolei
- ▶ How does RUC affect users of public transportation, such as bus, taxis, trolleys, etc.? – Kapolei
- ▶ Are you going to charge bicycles a per mile charge? – Kona
- ▶ Are we charging bicycles? – Windward Oahu

2.8. Impact of RUC on plug-in electric vehicle (EVs) adoption

One of the most often-asked questions is whether RUC will be a barrier (or disincentive) for people to buy plug-in electric vehicles (EVs). Under RUC, EV owners would be required to pay something “new” -- a cost that they do not have to pay today. Some people have noted that if the cost of RUC offsets any potential fuel savings from driving an EV, car buyers won’t have any incentive to purchase them; if RUC dampens consumer adoption of EVs to a significant extent, this is in conflict with Hawaii’s 2045 energy independence goal.

There are several important issues raised by this topic. First, HDOT does not view EVs and other highly fuel-efficient vehicles as a “problem.” HDOT looks at the entire fleet of vehicles as a whole, not only now but also into the future. Given technological changes, newer types of vehicles on the road, and the anticipated mix of different types of vehicles over time, the HDOT is exploring ways so that all vehicles pay some fair share. HDOT supports the state’s

clean-energy goals 100% and in line with that, must begin looking at new options so that HDOT has the funds to continue to provide a safe, maintained and efficient roadway system for Hawaii. The problem is our future roadway funding system: how we've funded roadways in the past will not work in the future. Today, we depend on people to buy and burn gasoline in their gas-powered cars to pay for basic maintenance and repair of roadways. This approach worked well for the last 100 years, when all passenger cars used gasoline and had similar fuel economy. But as cars evolve to be more efficient and incorporate new fuels and technologies, we need our roadway funding system to evolve as well. Otherwise, we are presented with conflicting choices: do we want safe, better maintained roads and pay for them using alternative revenue mechanisms, or keep current revenue collection mechanisms and consider a reduction in roadway quality and services? This RUC research project is aimed at developing policy options so that clean energy goals and having safe and maintained roads are in alignment.

The legislative purpose of the gas tax is to fund repair and maintenance of roadways, not to discourage people from driving their cars (which today are mostly gas-powered). HDOT is focused on ensuring an equitable and sustainable funding for roadways. Decisions about whether the gas tax could (or should) be used to *intentionally* influence people's driving behavior is outside the scope of HDOT's mission.

That said, HDOT *will* research potential impacts of RUC on people who already own EVs and other fuel-efficient cars and on the future purchases of such cars. More research is needed on this topic. To explore how RUC might impact future car buyers – specifically, whether car buyers would avoid purchasing an electric vehicle because it, too, would be subject to paying RUC – we cannot rely on calculations alone. We will review all available information on consumer adoption of EVs and what other research has found. We will obtain feedback from EV owners from this study. We will gather information from car buyers in Hawaii to understand purchasing decisions better.

The findings of this research will inform the range of options the state could consider in designing a “user pays” road funding policy that provides sufficient, sustainable revenue, while supporting continued consumer adoption of cleaner cars. The research team's intent is to present a range of policy options for elected officials to consider.

Comments and questions:

- ▶ I like the idea of everyone paying their fair share, but don't like the disincentive for EVs. We are not reaching our EV goals now, so why would we do this? Also, while I agree with the sentiment of everyone needing to pay, I do not appreciate the negative remarks about EVs. – Lihue

- ▶ There are other benefits achieved with EVs (environmental effects, health effects, etc.) that should be taken into consideration as well. Aren't there other things that can be done to assist EVs to help balance things out? – Lihue
- ▶ As a Prius owner, I'm concerned that I put a lot of money [towards the purchase of] my vehicle and I won't be recompensed if RUC is enacted. – Lihue
- ▶ How does RUC or the VMT Fee system incentivize reducing carbon emissions? – Kapolei
- ▶ How many electric vehicles are there on island now? – Kapolei
- ▶ Families have purchased fuel-efficient vehicles to save money. This RUC will negate all such efforts on consumers' part. – Kapolei
- ▶ Kilowatt-hours [the cost of electricity] in Washington state is only 12 cents versus 34 cents in Hawaii, so there are differences between the states that must be considered. – Lahaina
- ▶ This seems like a disincentive for EVs and fuel-efficient vehicles. How does the state reconcile an apparent policy contradiction between needing to increase adoption of clean vehicles versus charging those same vehicles RUC now? – Lahaina
- ▶ There's some projection that the sea level rise will impact all of us and the hotels. We want to encourage people to get off of fossil fuels and purchase clean vehicles. So the decrease in cost for the trucks is not an incentive to get off of fossil fuels. There should be an incentive for electric vehicles. – Kona
- ▶ There's a lot of facts about electric vehicles, with the plan in 2045 to have no more gas cars. The total market of electric/hybrid vehicles is less than 2% of total vehicles. It's taken 25 years to get there. We're going to move towards a mile tax, we're going to equalize it, but there's no way you're going to replace the combustion engine. You can give tax credits and incentives, but even with everything they've done today, it's only 2%. How are we going to get there in another 25 years? – Waimea
- ▶ Cost of pollution has to be factored into this. That changes the equation a little bit. The fact that we want to change the state system, there are side-effects. – Waimea
- ▶ I'm for the environment. How is this going to work to not undermine that objective? You're taking away one big incentive. What if this disincentivizes people from buying the EVs? – East Honolulu
- ▶ People offer rebates for EVs, but now you're trying to tax them. Now the incentive for them to go out and get the car, this project is not good for those that already have a car. – East Honolulu
- ▶ You are penalizing those hybrid vehicles because they are paying more. Now you are going to tax them on top of the tax they are paying. – Windward Oahu
- ▶ We have not even reached even 1% of EVs. – Windward Oahu

- ▶ There's not that many EVs. They're going to be punished. – Windward Oahu
- ▶ Other EV drivers might be upset if they now have to pay when they didn't expect this RUC charge when they made the decision to buy an EV in the first place. – Wailuku
- ▶ If we are supposed to be going oil free by 2045, why are we taxing EVs? – Wailuku
- ▶ RUC seems counter-productive to our environmental goals; we are taxing bigger, polluting heavy vehicles the same per mile as clean cars, which is essentially penalizing people for buying those clean cars. – Wailuku
- ▶ My business was selected as the #1 small business for Maui County. One big reason was because we committed to buy EVs. If the State is going to impose RUC, you should be telling people right now that EV owners may be paying for RUC. – Wailuku
- ▶ We should be encouraging people to transition to electric cars, instead of requiring them to pay the same as a gas guzzler. This is why I'm concerned about RUC. – Paia
- ▶ RUC is a deterrent to driving a more fuel-efficient car. – Paia
- ▶ Can you design low RUC charges for low-emission vehicles? What is being done to encourage less use of the roads – like transit, scooters, bikes, walking, etc.? – Hilo
- ▶ I do own a hybrid a vehicle. Who came up with this RUC idea to punish clean vehicles? The federal government? – Hilo
- ▶ There is no reason to stop incentivizing electric cars. We need to make the shift to electric vehicles within the next 12 years. I am a very proud owner of an electric car. There is a reason for these subsidies for electric cars. I do agree we need to pay something for roadways, but we (the EV drivers) are trying to show leadership. It would be much better if your team would present multiple solutions instead of one. – Hilo

2.9. Impose RUC on electric vehicles and hybrids

Some people feel it's unfair that electric vehicle owners are able to drive on public roadways "for free", as EVs don't currently pay gas taxes. Others have suggested that since the state already has information needed to identify electric and hybrid vehicles, why not just impose a tax – RUC or something else – only on those types of vehicles, since those vehicles are a cause of insufficient future roadway funding?

EV drivers already pay most of the same taxes and fees that other drivers in Hawaii pay: registration fees, weight tax, sales tax on vehicle purchases, etc. The only tax EV drivers do not pay is the gas tax. This is simply because they don't burn gas, not because a specific tax exemption was created for EVs or that their drivers are trying to avoid contributing to roadway costs. At the outset of this research project, this research will fully document the various taxes, fees, charges, rates, discounts and exemptions provided to a wide range of vehicle types in Hawaii, and not just EVs. This will help provide a more complete understanding of current vehicle tax and fee policies in Hawaii.

While revenue decline is currently associated with increased numbers of electric and hybrid vehicles, all passenger vehicles will be using less gasoline in the future, no matter the vehicle type. As we research other ways to fund roadways in the future, we want to be sure to explore longer-term solutions, and not focus solely on lost revenue represented by EVs. HDOT will research all options – including approaches that would collect RUC only from certain vehicles, as has been suggested by community members – but also want the work to reflect a full range of options for policymakers to consider.

Comments and questions:

- ▶ If you can use vehicle registration and inspection to charge RUC, then why not just select hybrid cars and electric vehicle cars for RUC, and let the rest of vehicles remain paying gas tax? – Lihue
- ▶ If RUC revenue collection is supposed to be “the same” as the gas tax – why change it – just tax the electric/hybrid cars? – Kapolei
- ▶ Why not tax only the electric vehicles (EVs)? – Kapolei
- ▶ There isn’t a single electric car mechanic on Molokai. I don’t see an electric car mechanic coming here. We’re not going to have electric cars here in Molokai. – Molokai
- ▶ If it’s the hybrids and the ones that don’t pay the gas, put the road charge on them. Take the 13 cents off [our gas], it won’t make a difference for us. Gas in Maui is \$3.78/gal, why is there such a disparity? If you can bring our price down to yours, then maybe it would make sense for us to pay the road charge. – Molokai
- ▶ Have you considered applying the road usage tax to those as they purchase new vehicles? Only those that are EV or PEV that don’t contribute to the gas tax? – Molokai
- ▶ What kind of feedback have you had about vehicle charges on EV from other community meetings? – Lanai
- ▶ For snowbirds that own electric vehicles, flat fee or option to choose would be completely unfair. They don’t drive much, and they still use our roads. – Kona
- ▶ Everyone is talking about the electric vehicles. These electric vehicles have an impact on the roads. They are heavy, and they have batteries and when they are done, they will become trash. – Kona
- ▶ If you replace one tax with the RUC, it’s perfectly great for EV. I drive an EV, we should pay. But you’re suddenly incentivizing the fuel inefficient vehicle. The more you consume, the more you pay. I understand you are concerned about the roads and maintenance and someone else is worried about the clean air. But this is a counter-incentive. This is not a good idea. Wouldn’t it be easier to just raise the gas tax? Why can’t we apply the RUC to just EVs and leave the gas tax alone? – Waimea
- ▶ What’s the formula for an electric vehicle? What’s the cost? When you charge your EV, is it a cost per kW? Where does that electricity come from? If you are getting it from

- solar, you are paying nothing and we're all paying for it. You are getting tax incentives. – Waimea
- ▶ If this is trying to recruit as many vehicles that don't use gas, why is it taking into account everyone? Just go with the energy efficient vehicles. – Waimea
 - ▶ Why would the burden come to the rest of the population [non-EV owners] and change the way we pay for taxes rather than having just the EVs pay? In order to get this done, impact the least number of people. – East Honolulu
 - ▶ Pay at the pump is the most realistic, but to some degree, EVs and hybrids use the road and they should pay their fair share even if they are doing something green. – Windward Oahu
 - ▶ Why are we not looking at charging hybrids and EVs? They get free parking and our parking just went up. Why are we not looking at it from a long-term perspective rather than just giving these people perks to buy these cars? – Windward Oahu
 - ▶ Why roll this out for everyone instead of rolling it out first on EVs, then see what's next – go talk again with the community to see what the next step would be. This seems like the more logical approach. – Wailuku
 - ▶ I don't like the idea that EVs are riding our roads for free. That is not fair. – Wailuku
 - ▶ There are many people in this community who cannot afford an electric car, so why should the rest of us have to pay RUC just because some of the people can afford an EV and avoiding paying their fair share of roadway costs? – Paia
 - ▶ People can't afford to buy a house in town (Hilo); you have to buy a house out in the sticks. There are no jobs in those areas. The federal government continues to give electric vehicles (EVs) incentives – where does the “gravy train” on EV incentives stop – free parking at the airports, free charging, what's next? Maybe people who live in town and have EVs should carry more of the burden for roadways. Why aren't we presented with more than one roadway funding option – why are you just presenting RUC? – Hilo
 - ▶ How would the State of Hawaii expect us to make the payments? How will payments be collected, how often, what is the punishment for non-payment, etc.? It's easy for me to pay the gas tax – I just pay a little at a time. Paying a new bill all at once along with my vehicle registration, safety inspection, etc. That is a lot of money all at once. In the meantime, can't you just charge EVs and hybrids now, and figure out a larger solution later? – Hilo
 - ▶ 8,000 EVs is a very small number. If we are just concerned with the financial impact from EVs, why don't they just pay their fair share, and let the rest of us alone? – Hilo

2.10. Other states' experiences

Several commenters asked about the experience of other states with RUC.

Several states have researched and tested a road usage charge as a gas tax replacement since 2002. They are Oregon, Washington, California, Colorado, Utah, Pennsylvania, Delaware and Minnesota. Oregon has a voluntary operational program in place and Utah will implement a voluntary operational program in 2020. No state has mandated RUC for all light vehicles registered within their borders. As the concept of RUC is new, development of RUC is still a matter of research and testing for the states. These states have not found that RUC is a disincentive for purchasing or operating a fuel-efficient car because the annual RUC paid by the average driver is less than \$250 for drivers in the highest taxed states. Other states have found that participant acceptance of RUC increased over time.

Application of a weight-based distance charge for heavy vehicles has a long history among the states. Currently, Oregon, Kentucky, New Mexico and New York have distance charge programs for heavy vehicles. Oregon's program has been in place for over 90 years in various forms. Several other states are now considering a distance charge for heavy vehicles.

Comments and questions:

- ▶ What kind of feedback have you received from the states on the mainland that have enacted or are testing it? – Koloa
- ▶ Do the mainland states find that there is a disincentive to buy a fuel-efficient car? – Koloa
- ▶ What other states are adopting RUC? – Kapolei
- ▶ Where is the nation going with RUC? What are you hearing out there with county and fed? – Kona
- ▶ What are other states doing if they aren't part of the 8 states? Are they doing something that is working? Or are they just slower making change? What is working in the other 7 states mentioned? And why is it working? – Waimea
- ▶ Has Oregon had diminished funding from the government for this? Most states get most of their money from the Federal government? – East Honolulu
- ▶ Why are you looking to apply RUC to Hawaii, as opposed to the states that are clearly already considering RUC? Hawaii is unlike those other states, and a RUC is not a solution that fits our state. Hawaii has many areas that need just basic roads. – Hilo

2.11. Price of gas

Several meeting attendees noted concerns about the price of gas, particularly in Molokai and Hawaii Island. The concern about RUC is twofold: that RUC would represent an additional cost to drive on top of the high cost of gas, and that gas retailers would not reduce the price even if the state and/or county remove the taxes on gasoline.

For most jurisdictions, when the fuel tax rate changes, the difference (up or down) is passed through fully and immediately to the price at the pump. But the fuel distribution system for more remote areas such as Molokai is unique. The project team will study whether and how tax rate changes impact prices of fuel in such areas.

- ▶ Gas on Molokai is already \$5. I don't see it going down because we're going to replace it. – Molokai
- ▶ If you go to the road usage charge instead of the gas tax, what prevents the gas companies from making more profit and taking that savings and pocketing the savings? – Molokai
- ▶ If you shut down the two gas stations, they couldn't handle that amount of decrease in revenue. What is the legislature going to do? You open up this option, they could make us pay double? – Molokai

2.12. Privacy

Several commenters expressed concern that collection of RUC mileage data would require technology that would impact privacy of drivers.

HDOT understands the sensitivity of the use of personal information and the importance of protecting privacy and data security. Other states have developed technical mechanisms, protocols, and legal protections for privacy and data security. If Hawaii ultimately adopts RUC for replacement of the gas tax, it is highly likely the legislature will adopt and HDOT (and other affected agencies) will implement the necessary protections of privacy and security that work elsewhere. HDOT will research and include these protections as part of its work.

Comments and questions:

- ▶ Data collection: the type of technology you require will impact people's privacy (or their concerns for privacy). – Lihue
- ▶ Miles I drive is nobody's business but mine. It's a privacy issue. Gas tax is anonymous. They don't track it. Where does it go from here? I'm against placing a device in my vehicle that has GPS. That's my vehicle. – Molokai
- ▶ If HDOT gets everyone's mileage, you can track everyone where they drive, age, gender, etc.? Will you eventually use that data to make up some of that revenue? And if you use that data, will you tell us? – East Honolulu
- ▶ I had a concern about GPS tracking unless you have clear protection of privacy right up front. So you cannot get someone's data even with a court order. – East Honolulu
- ▶ All the other applications (other than the PMVI) implicate privacy concerns. – Windward Oahu

2.13. Revenue alternatives besides RUC

Residents offered a range of suggestions for other methods to stabilize transportation funding in light of declining gas tax revenue. Most suggested using existing revenue mechanisms like imposing a higher registration fees or weight taxes on all cars or just on hybrids and electric cars. Several suggested using money from other existing taxes at the state and federal levels. Several suggested new sources of revenue including tolls, tire taxes, congestion pricing, taxing electricity used by EVs, lottery, cannabis taxes, and taxing tires and other car parts.

Collectively, these comments reveal other choices when it comes to dealing with declining gas tax revenue. The elected policymakers can: (1) increase the rate of the gas tax rate, (2) increase the rate of other existing taxes or fees, (3) create a new revenue mechanism, or (4) some combination of the options. The first option may work for a period of time but creating long-term stable revenue for transportation will require frequent increases to the gas tax, which will exacerbate some of the inequities of that form of paying for roads. The second option is available, but none of the other available funding mechanisms are user fees like the gas tax. RUC falls into the third category.

The reason HDOT is investing in researching RUC is that it is a new type of charge that has not before been attempted or implemented in Hawaii, so there is much that is not yet understood. Other revenue sources, such as gas taxes and registration fees, are well understood. By exploring concepts for RUC the state can be better prepared should its implementation become necessary as gas tax becomes less viable as a revenue source.

Like the gas tax, a RUC is a user fee. It enjoys some advantages in this regard over other alternatives. But a RUC also has challenges that have been identified and overcome by other states, and unique challenges in Hawaii. HDOT's research will provide recommendations about how a RUC could be implemented and its impacts, so that policymakers can decide when the time comes which approach is best for Hawaii to address declining gas tax revenue.

The HDOT's commitment to the federal government under the federal grant is to study a mileage-based option for the replacement of the state fuel tax. All suggestions to other funding alternatives outside of a RUC will be noted in the final report, and these may be further pursued as a separate undertaking, if determined by elected officials and HDOT.

Comments and questions:

- ▶ What other alternatives to mileage-based fees have been considered, like tolls, or tire taxes? – Koloa

- ▶ We should be looking at something broader than just replacing the gasoline tax; we should do that and perhaps disincentivize use of road (congestion pricing). – Koloa
- ▶ Not understanding what's the point of all this – why don't we just tax the EVs and hybrids? Or, why don't we just increase the tax on all vehicles? – Koloa
- ▶ Atlanta had an additional EV registration fee. Isn't that a better approach – including to hybrids – than this mileage-based system? – Koloa
- ▶ Why not tax electric usage by cars? – Kapolei
- ▶ Why not just do toll booths already? It's time we got real and modernized our transportation system. – Kapolei
- ▶ Why don't you just create a flat tax to be collected with car registration? This way everyone will be equally responsible for funding our roadways. – Kapolei
- ▶ Why not continue to the vehicle weight tax, or increase it? That is the only stable variable which can be collected. – Kapolei
- ▶ Why not take the money directly from the legislature? Their money comes from taxes where the rich pay more. – Kapolei
- ▶ Get federal money from OHA for the Waianae coast, instead of trying to raise money from local families. – Kapolei
- ▶ Are we studying other options like raising the gas tax to incentivize fuel economy and charging the EV's a base annual fee. – Kapolei
- ▶ It seems that if the average person was paying only \$7 per month in gas tax; isn't it more cost efficient (in administrative costs, collection methods, etc.) to just increase the weight fee? – Lahaina
- ▶ Keeping gas tax and finding a way to increase revenue from other transportation sources (fees) would be best, because it stabilizes revenue like RUC but doesn't disincentivize fuel efficient vehicles. – Lahaina
- ▶ Why are we looking narrowly on only road tax for funding roadway tax and maintenance? There are other methods like taxes on marijuana and lottery. What about toll roads and having the fast pass stickers? – Lanai
- ▶ What other options have you considered? In California, there's a tax based the value of the vehicle. There are people that are driving really far that don't make much. This is regressive. – Kona
- ▶ To keep it simple, why don't you raise the gas tax? People drive a lot of miles to go to work. Keep it simple. Once you make it complicated, your safety check, you stand in line at the DMV, you get the wrong paper, the process takes too long. – Kona
- ▶ Just raise the gas tax. You don't see it, so you just pay the money. When you start making things like this complicated. – Kona

- ▶ You guys have raised vehicle registration taxes. Same for that, same for this. For equity, we all have to get the safety inspection sticker, then tack it onto that. No one's going to drive around without sticker. – Waimea
- ▶ Rather than being on the forefront of adopting such a radical change in our revenue system, why don't we wait for a while to see how other states adopt these that would appeal to the general populous? What are some of the interim things you can consider? Raise the gas tax, raise the tax on EVs? – East Honolulu
- ▶ The ¾ cent per mile rate would just keep us at the status quo, not get us out of the barrel. I'd rather pay more gas tax than having to fix my wheels from potholes. – East Honolulu
- ▶ Is there any indication whether our registration fees will go up or down depending on whether this goes through? – East Honolulu
- ▶ I think we can charge people another way. We should look at different ways. – Windward Oahu
- ▶ If you want to make it fair, military families pays \$25.50 for registration. The same (resident) car pays \$525. How is that fair because they are driving on the same roads as we do? – Windward Oahu
- ▶ Besides road usage charge, are there other options you are looking at? If you are testing 4 options against each other, that would be a good study, but you are studying 1 option and it looks like a foregone conclusion. It looks like you've already made the decision. There are other consumer products like tires and brake pads that people have to pay for over and over again. Have these been looked at? – Windward Oahu
- ▶ If this goes into effect, would my registration drop? If you are going to drop one thing and raise one, that's one thing. – Windward Oahu
- ▶ This method requires a lot of bureaucracy and tracking is an invasion of privacy. You should be thinking of a new source of revenue (e.g. tax cannabis), no tracking, no bureaucracy. Why not make it simple? – Windward Oahu
- ▶ Charging by the mile is a really regressive tax. We have income tax. Why don't we use that money to pay for the roads? – Windward Oahu
- ▶ Based on the scope of this 3-year project, if the outcome shows this is not a good solution, will you tell the legislature that this is not feasible and discontinue the concept? If you decide earlier that this is not a good solution, you could shift your focus to an increase in the gas tax sooner, helping our roads sooner. – Wailuku
- ▶ We have a big old farm truck, and we have one of those EVs. I agree the EV subsidies should go. But I don't think we "all should pay the same" as proposed under RUC. We all don't pay the same for vehicle weight fees, for example. There should be some variability based on the vehicle, perhaps a value-based tax. – Hilo

2.14. RUC as replacement for gas tax

Concerns have been expressed about whether RUC would fully replace the gas tax, or whether RUC would be collected in addition to the gas tax. A related concern is that even if RUC replaces the gas tax, retail gas stations will not necessarily lower their prices in any amount equal to the gas tax – they may be tempted to keep their prices at the previous level to increase their profits.

As a research project, this RUC experiment begins with some assumptions about what a future system might look like, and how it could potentially be implemented. Our first assumption is that the state (and counties, if they choose to participate), would not apply both a road usage charge and the gas tax to any one vehicle at the same time. Switching from the old system (gas tax) to a new system (road usage charge) would help stabilize road funding at current levels. Failure to switch to something new will eventually lead to a significant loss of road funding, estimated in the 2016 HDOT feasibility study at approximately 35% less revenue per mile compared to what the gas tax generates today. Changing the way we pay for roadways, without increasing the rate charged, will avoid a shortfall of revenue in the future.

In the future, if RUC replaces the gas tax, there would be no economic justification for retail fuel stations to keep prices of gasoline artificially high in order to maximize their profits. Academic research has found that fuel tax increases and decreases are quickly reflected in fuel prices and passed on as either additional costs or as savings “on average fully and immediately” to consumers. See, for example, “Fuel Tax Incidence and Supply Conditions” by Justin Marion and Erich Muehlegger, National Bureau of Economic Research Working Paper 16863 (<https://www.nber.org/papers/w16863.pdf>). The research team is aware of at least one state that brought legal action against companies that tried to keep prices artificially high in order to gouge consumers (the state received a large settlement for consumers).

Comments and questions:

- ▶ Does RUC get rid of fuel tax, potentially lowering gas prices? – Kapolei
- ▶ Will this replace the tax that we are currently paying at the pump, or are we going to be taxed both at the pump and for roadway mileage? – Kapolei
- ▶ My primary concern is that the usage fee won’t actually replace the gas tax and we would be stuck with paying both. This is made more possible because there are other entities aside from the state that collect gas tax. So the usage fee would only “replace” a portion of the gas tax. – Kapolei
- ▶ A proposed “swap” doesn’t solve the problem; there is a shortage of revenue. Therefore, I see this as an eventual additional tax. – Lahaina

- ▶ How do we know the gas retailers will lower the price of fuel even if the state gas tax is removed? – Koloa
- ▶ If you take away the fuel tax, it seems like the retail gas stations will not reduce their prices by a like amount – they will only partially reduce. – Kapolei
- ▶ Just a swap would be great if that were to happen. But I don't trust that it will be. – Kona
- ▶ The basic premise in miles per gallon might apply to Oahu. This is all Oahu-centric. The cost of per gallon of gasoline—I'd love to pay \$3.78 per gallon. Costco gas and Waimea gas difference is about \$1 per gallon. Your numbers are way off. We're paying more in taxes, we're paying more per mile. The numbers don't match up right. We pay sales tax on top of the price of fuel. – Waimea
- ▶ We need the funding. The only fair way is for everyone who uses the roads to pay your fair share. Highways needs the funding to provide a safe place for everyone to drive. – Windward Oahu
- ▶ You are looking at a "revenue neutral" case. I have a fleet of 19 vehicles (16 trucks, 3 EVs). I'm going to be paying more on my EVs but less on my trucks. Revenue neutral doesn't give me better roads, or better service – you are just shifting how I pay from my trucks to my EVs. – Wailuku
- ▶ If you are going to collect a tax on mileage, will the fuel tax go away, or will RUC be on top of the existing fuel tax? – Paia

2.15. Setting the RUC rate

Several attendees questioned how the rate for a RUC would be set and also wondered whether there could be more than one RUC rate for different types of vehicles or different types of driving.

For the purpose of this research project, a per-mile RUC rate will be calculated that is equivalent to the current 16-cents per gallon state fuel tax for the average of about 22 miles per gallon vehicle in Hawaii. If an actual RUC is adopted, elected policymakers will consider a number of factors for setting the rate, just like how the gas tax is currently set, including the amount of money HDOT needs to maintain the road system and how the rate relates to the gas tax rate during a transition of one system to the other. Other considerations may include multiple rates for different types of vehicles such as gasoline powered vehicles versus electric vehicles, different types of uses, or different types of owners. How to set the RUC rate is a topic HDOT intends to research so that the agency can provide recommendations to the legislative body should enactment of a RUC program come under consideration.

The amount a vehicle pays per mile in gas taxes today is calculated by dividing 16 (the state gas tax in cents per mile) by the miles per gallon of the vehicle. For example, a vehicle that gets 16 miles per gallon is paying 1 cent per mile in gas tax (16 cents per gallon divided by

16 miles per gallon equals 1 cent per mile). For the project, HDOT is using the state average of 22 miles per gallon divided into 16 cents per gallon to arrive at an approximate RUC of 3/4 cents per mile. For the purposes of simplicity, some of the graphics are rounded to 0.8 cents per mile.

Comments and questions:

- ▶ Is there a specific amount of money that HDOT needs, and will you calculate the RUC charge based on that need, or only against what is currently collected via the fuel tax? – Kapolei
- ▶ Would there be any vehicles that would have discounted rates? – Kapolei
- ▶ Will gasoline cars and electric vehicles be charged the same or different rates? – Kapolei
- ▶ Consider a tiered system, where the more you drive, the more expensive it will be (non-linear). For example, if a car reaches 20k miles per year, they bump up to a new rate category. – Koloa
- ▶ You're using the public utility model, which I don't think is a great model. How would you run this like a public utility? And what would be considered fair? Public utilities have to ensure that they would never fail. – Molokai
- ▶ Can you explain the calculations? \$0.008 per mile = 24 cents of gas tax. Can you share the formula when you respond online? – Molokai
- ▶ I'm also concerned that this is a tax that will increase over time. Just like you said the fuel tax will increase by 100%. It's not stable now. – Molokai
- ▶ I didn't catch it, is it: .8 cents, .08 cents, \$.008? – Molokai
- ▶ If this is enacted, will your budgetary needs dictate the rate by which the charge is levied? – Lanai
- ▶ As part of your study, are you looking at the possibility of tiered rates? Since you're at the beginning of the study, can you look at this? – Lanai
- ▶ The \$109 (per year) is what it's based on now. When it's implemented, it's going to change? So it's going to increase? – Kona
- ▶ Revenue neutral – how are you going to compensate for those that get gas for those lawnmowers, boats, etc.? It won't work if you're only looking at vehicles. Why are we doing this if it's going to be revenue neutral? We need to do something else because roads are going to become more expensive. – Waimea
- ▶ Who will set the rate? Is it the PUC? – East Honolulu
- ▶ Are we at the point where we are identifying how much the per mile charge will be? Lacking additional information, you will not find any support among state residents for this. – Wailuku

- ▶ Moving our society from gas cars to EVs is good for everyone, although I do understand that this poses a threat to road revenue. But why is your goal “revenue neutral” when the roads are already in such poor shape? – Wailuku
- ▶ We doubt that it will be 3/4th of a cent; we believe it will be closer to 2 cents, and without any additional details, how will we know what it will be? Can’t support it until firm numbers are put out there. – Wailuku
- ▶ How will you calculate revenue neutrality (or rates)? Will it be the same for each county, or different, because the cost of driving is different on each island (largely due to congestion in Oahu and the cost of burning gas while idling)? – Wailuku
- ▶ You are saying it’s “revenue neutral” – am I understanding this correctly that the gain in the overall tax collections will be from electric vehicles? – Paia

2.16. State vs. county gas tax and RUC

Several commenters observed that the counties also collect gas taxes. They wondered whether the counties are also interested in RUC. Many attendees also identified some confusion around the difference between state and county taxes.

When the Federal Highway Administration awarded funds to HDOT to study RUC in 2017, it was through a partnership between HDOT and the counties. Just like the state, county decisions about whether and how to implement RUC are policy choices for each county to make. HDOT is working with the counties on RUC research so that the counties may also benefit from the analysis and findings of the work. The findings and final report will be made available to elected officials at the state and county levels.

Today, the federal government, the state, and each county in Hawaii collect a tax on each gallon of gasoline sold in each county. The federal rate is 18.4 cents per gallon, the state rate is 16 cents per gallon, and the county rates vary from 16.5 to 23 cents per gallon. Tax is paid on this gas regardless of where it is consumed. For example, if a car drives only on county roads, for each gallon of gas burned, 16 cents still goes to the state and 18.4 cents still goes to the federal government. Under a potential RUC, the same would be true. Each level of government could impose its own rate per mile driven instead of a tax per gallon of gas burned.

Comments and questions:

- ▶ Why is City [City/County of Honolulu] DTS not participating in the HiRUC study? – Kapolei
- ▶ Is the county looking at this issue (declining fuel tax revenue) as well? – Koloa
- ▶ When talking about removing and replacing, is it just the state’s fraction, or also the county’s portion? – Lahaina

- ▶ If you go look at the roads, they need fixing. And that's the county roads. You have to work together. A lot of people have big trucks. That's our lifestyle. We go holoholo, can't put them in a small electric vehicle. We are so blessed in Molokai, we don't need what you have to offer us, we should be exempt. If Maui likes it they can have it, Honolulu can have it. – Molokai
- ▶ The road tax, we would pay even on county roads? But that's only if we separate how many miles we drive on state and how many miles we drive on county? State will be collecting it, so anything going to the county so we can fix our roads? So the \$.008 might go up because it would include the county portion too? – Molokai
- ▶ This project will be based on the odometer reading, but we figured [our miles on] the state highway is minimal. But our odometer starts when we start our car. How do you get that to be accurate since we're not driving on our state highway? – Molokai
- ▶ Does it balance out on Lanai? Would we be at a total disadvantage? Our roads are not heavily travelled. Only when barges come in and then the rest of the time it's empty. The county roads are what people are driving on all the time, it would not be equitable for us. – Lanai
- ▶ Can you talk about the county fuel tax and the weight tax? Are they used for the same purposes? – Lanai
- ▶ We have one section, once you get off the paved road, it belongs to the state. But the state has never fixed it in the last 5 years. Am I still going to be charged for driving on the state roads even though it's not paved and never been fixed? – Lanai
- ▶ How do you differentiate between whether I drove on county and state roads? – Kona
- ▶ Can you explain, right now we pay about 53.4 cents per gallon, spread federal, county, state. Today's presentation focused on the 16 cents to the state. What happens to the federal and county? So we're looking at less than 30% of what we pay of the gas tax? – Waimea
- ▶ What if someone only drives on city roads? We still have to pay taxes on state roads, city roads, federal roads? – East Honolulu
- ▶ How do the state/county components add up? – East Honolulu
- ▶ State and Federal gas taxes both go to state? Is the intent if this go forward, would the state tax disappear? – Windward Oahu
- ▶ The state gas tax – is that strictly to fund state highways? I feel our state roads are in pretty good shape, it's our county roads that are not in such good shape. – Wailuku
- ▶ What about the county fuel tax – would that go away along with the state fuel tax if RUC is enacted? – Paia

- ▶ We have a mix of state, county, private, and federal roads. Since you say RUC is only for state roads, how can we be guaranteed that we are going to get all of our roads fixed, regardless of jurisdiction? – Paia
- ▶ Why is \$4 million allotted for a 3-year research project that only relates to the state highways? It seems that the benefits of this research will only benefit Oahu, because the majority of roads there are state-owned, unlike the neighbor islands. – Paia
- ▶ The \$109 you've shown is what the average driver pays now for the state gas tax. What about the county tax? – Hilo

2.17. Taxes/government waste

Many commenters expressed the opinion that HDOT should operate more efficiently and use the savings to fix the roads. Others say new taxes are not needed and HDOT should spend within existing levels.

With the state gas tax the same as 1991, and inflation and eroding purchasing power, state road funding needs are greater than the revenue collected. HDOT has made strides in finding efficient ways to stretch highway dollars. The HDOT now emphasizes a data driven approach to decision-making to set priorities and implement the highway program. Furthermore, the HDOT continually looks for ways to do more with the revenues the agency has by increasing its emphasis in system preservation and safety with existing funds. HDOT also looks for new or different materials and technologies and value-added measures to reduce costs and save money.

Even so, researching the viability of RUC as a road funding source is not about finding new money. Researching RUC is about replacing an existing road revenue mechanism with a fair and sustainable model. The gas tax provides approximately 30 percent of state road revenues for HDOT, larger than any of the other three major revenue sources (registration fees, weight tax, and rental car surcharge). HDOT does not receive any general funds from general excise tax (GET), income tax, or other general taxes to support the state road system. As Hawaii's drivers move to new vehicles with higher fuel efficiency, an alternate model of funding that is not based on fuel consumption will be necessary.

Comments and questions:

- ▶ RUC opens up a new avenue for taxation for Hawaii residents. – Lihue
- ▶ Are we assuming that the cost of roadway upkeep will continue to go up? What measures are being taken to reduce these costs (such as better materials, etc.)? – Kapolei
- ▶ What other funds or budget efficiency initiatives are being explored to better utilize existing and projected budget dollars? – Kapolei

- ▶ Why can't your money people figure out how to fix the roads with the money you have? – Kapolei
- ▶ Is this a plan because your staff can't figure out how to fix our roads with the money you have? – Kapolei
- ▶ How much money does the state collect every year in the gas tax and registration fees? And why can't you fix the roads with those tax revenues? – Kapolei
- ▶ Can the state use better materials to fix the roads? Repairs do not last past a few months. – Kapolei
- ▶ HDOT does landscaping along the freeway last year in Pearlridge. This year, they dug out the whole landscaping area for a road widening project, wasting the money spent on landscaping. Use tax money more wisely – new taxes are not a good solution. – Kapolei
- ▶ How much money per year, for the past 5 to 10 years, has been spent to resurface and repair roads? What efficiencies in road repairs are being pursued to prevent repeated fixes of roads with the same potholes? – Kapolei
- ▶ At 0.8 cents per mile, I would be paying more in taxes than with the current 16 cent gas tax. I see that taxes always go up. We are taxed too much already. – Kapolei
- ▶ I don't trust the elected officials. If they need more money, they will raise it. – Molokai
- ▶ Feels like we're damned if we do or we damned if we don't. Doesn't matter if we get fuel efficient vehicles, we're going to get taxed. – Molokai
- ▶ I have no faith in it. You say $\frac{3}{4}$ of a penny, so it might start out like that and especially if you take off the charge at the pump. But the next year, will it be \$1.50 and then \$3 after that, so pretty soon you're paying \$1000s at your safety inspection. And it's randomly raised, just like everything else. – Kona
- ▶ One thing we noticed around here has to do with architects and engineers who design our roads and have to make changes. That costs us (the taxpayers) money and taps into the money we're paying to fix our roads. Those kinds of mistakes are awful and uncalled for. – Kona
- ▶ Is the problem really road usage or the mistakes being made, like the rail on Oahu? And then we have to have our taxes raised and we have to pay more. – Kona
- ▶ There's a lot of things that can reduce operations. Why does the state highway buy little dump trucks? They could buy regular vehicles, spend more initially, but save on number of people that are needed to operate. – Waimea
- ▶ I build roads for a living. And I don't understand why we are not recycling the asphalt that we dig up from old roads. That would bring the costs down significantly. That's millions of dollars that could be put right back into the roads. – Waimea

- ▶ State charges a diesel fuel tax 1 penny, state excise tax 34 cents, state environmental tax 2 ½ cents, we pay sales tax into the general fund (4.166%). The tax isn't really 16 cents. You're getting a GE tax, you still get the advantage of asking for funds. – Waimea
- ▶ Why don't we focus on the problem of maintaining the roads? Why don't we build better roads? Germany paves the roads to 6" and Hawaii is 4", it breaks down faster. We plant monkey pods next to the roads and they destroy the roads. We have a project out here, they are making the roads wider for the tourists, but they are not building any retaining walls, but it's right next to the edge. In 10 years, the roads are going to collapse. I've seen demonstrations on the mainland where they do precast concrete. Why can it not be done here? It's faster, whole sections of roadways, you can lay it a couple of miles per day. The engineering companies are getting away with murder and then the county has to go get change orders, and then we have to pay for it. – Waimea
- ▶ The GE tax that they passed, that's for transportation and roads (for County roads). If you keep giving them money, they will keep raising taxes. I hope you don't jump into this, but you have to listen to everyone here. The state transportation workers have to get more consistent and get better. State workers all sitting along the side of the roads. – Waimea
- ▶ You see in Honolulu, it's just taxes, taxes, taxes. The research should go into something else. How much does the research cost? You guys have to go back and look at how you're throwing money. It's always take-take-take. In Honolulu, it's all corrupted. People over there are supposed to be helping us over here. – Waimea
- ▶ They are trying to get more money out of us. RUC = TAX. – Waimea
- ▶ This is another avenue for taxes. The increase in the registration – we pay almost \$1000 for our car. Why can't that money pay for repairing the roads? What is happening with all these taxes? All our local people are moving away because they can't afford these taxes. Have you done the research on all the taxes they have to pay? We don't need another tax like this where we increase the taxes as we go along. Take it out of the registration. – Windward Oahu
- ▶ The closest community meeting to Hauula is this one. Those people will be impacted the most. In my family, I have people who work at Queens and the airport. How much money are you trying to get? You have almost \$4B, how much do you need to fix the roads? We pay registration and safety, that should be enough. You are proposing a set fee for road usage, can you guarantee that it won't go up? – Windward Oahu
- ▶ My biggest reservation is that I don't trust government, and I don't trust politicians. – Wailuku

2.18. Technology for RUC measurement

Attendees were curious to learn more about the methods that would or could be used to collect information about the number of miles driven by vehicles. Several observed that the vehicle inspection process includes collection of the odometer reading, while others asked

what methods could be used to collect miles driven besides odometers. One person wondered why we would consider anything besides the safety check given that it is already in place, while another person commented that the legislature has occasionally considered bills to eliminate safety checks. One person suggested that Hawaii coordinate any research with the federal government to ensure harmony between any state efforts and future federal efforts.

A key area of research for HiRUC is understanding the possibilities for how mileage can be collected. The project team is currently examining the data available from the vehicle inspection program and will implement a demonstration of how that approach could work. As part of the demonstration, the team is also looking at other approaches to measuring mileage and plans to offer three other choices for 2,000 volunteer participants to test drive during a 9-month period. The reason to look at other approaches is so that HDOT can understand drivers' preferences. Which alternatives are easiest to use? Which are easiest for the state to collect, which are resistant to fraud, and which provide the ability to address other policy concerns such as charging mileage on private roads? These are some of the questions that HDOT will examine in the course of this project.

HDOT will be sharing this information with the Federal Highway Administration (which is funding the research) as well as with the counties and other states to communicate lessons learned about how road usage charges could be efficiently implemented.

Comments and questions:

- ▶ Why are we considering all these high-tech options for mileage reporting when we have the vehicle inspection and can collect the mileage that way, without all of the complications? – Lihue
- ▶ The federal government will eventually be looking at this same issue; it would be nice if you would work closely with them so that whatever technology is used in Hawaii is fully compatible and works for federal requirements too, so there won't be different requirements, technologies and costs for each level of government, and hassles for citizens. – Lihue
- ▶ What happens if someone's odometer breaks? – Lihue
- ▶ What are other ways of collecting mileage reporting besides the odometer reading? – Koloa
- ▶ The legislature has proposed to get rid of safety checks. – Lahaina
- ▶ You talked about opting out of gas. If you go to the pump, how are you going to know if you opt out and how to figure that? Also, 75% of my miles are off-road. – Lanai
- ▶ Are we going to have different tracking methods, tracking during safety checks is a way to keep you accountable, but also, I've used technology where I can take a picture of my

- odometer for insurance purposes. On the survey, please ask: would you like one of the options or multiple options? – East Honolulu
- ▶ Why can't we just do an electricity surcharge for EVs "within the system" and charge them where they plug in? The department is already setup. – Windward Oahu
 - ▶ If you do implement this, how are you going to accurately record the mileage on these vehicles? – Windward Oahu
 - ▶ What are all the meters (green boxes along the roads, 200-amp service) on the roads (estimated cost over \$1 million) – are those being used to scan the cars to tell how much they are driving? These boxes are pulling data from cars as they drive by. – Wailuku
 - ▶ When you said there are 11 states investigating the mileage tax like we are, how do they handle interstate travel? Here, how does the ranch guy work, he's traveling a lot on his ranch and not using public roads. – Kona

2.19. Tourism

Several commenters suggested that tourists should pay RUC and perhaps even pay a higher rate per mile for their discretionary travel.

There are varying views of the application of RUC to tourists. There are also legal questions about whether certain types of drivers could be treated differently. There may be other ways to assess different charges to locals as compared to tourists, such as increasing the surcharge that is already applied to rental and tour vehicles in Hawaii to support highway funding. These varying views and approaches will be included in the final report. Rental cars and taxis have owners who can pay a RUC, and these owners could make business decisions to pass the RUC cost on to their customers.

Comments and questions:

- ▶ Tourists need to pay for their impacts on the island. – Koloa
- ▶ The tourists/travel industry are adding big infrastructure and traffic burdens on residents in Kauai. – Koloa
- ▶ Will rental cars pay the usage fee as well? They should. – Kapolei
- ▶ How will you be able to tell the difference between mileage driven by local drivers versus mileage driven by visitors? Visitors' mileage is all discretionary versus residents whose travel is out of necessity? Will RUC recognize the different purpose and need for these two types of miles? – Lahaina
- ▶ It seems that residents are paying for a larger part of the problem than visitors. It isn't just repairs and potholes, it's also in congestion. Lahaina's number one complaint is the traffic that results from tourists. There should be some consideration for the people that

- live here, and visitors should have to pay more than just 19% of the revenues. The taxes to finish the bypass has caused the biggest mess for locals in Lahaina. – Lahaina
- ▶ You should tax the rental cars. If you would just increase it to \$6 you would make more from them in a day than any resident. – Molokai
 - ▶ It would be good if we could impose a lot of those to the tourists. – Molokai
 - ▶ Don't tax tourists more. – Lanai
 - ▶ How do the visitors pay into this? Did you know during the recession that there was a drop in revenue? It would have to factor in recessions and how it impacts our tourism, and all those variables. We can look at maintaining a level of revenue, but there are all these other factors to account for. – Kona
 - ▶ We have approximately 1 million cars, but we have 10 million visitors. They have to move around. They have to use our roads. Are you looking at that and incorporating it? – Windward Oahu
 - ▶ The cost burden of increased driving (especially impacts created by so many visitors) needs to be borne by those tourists and not disproportionately borne by local families. Tourists should pay a little bit more, perhaps even a toll charge. – Paia
 - ▶ Right now, the tourists are paying for roadways, because they are paying for gas at the pump. However, how would they pay if we adopt a RUC and use the vehicle inspection process to collect the mileage and charges? – Paia
 - ▶ Thank you for coming out to explain this study. The bigger issue is this: legislators submitted a bill to require tourists to pay their fair share, yet the tourism industry defeated it. Yet as a state, we are still spending about \$80 million per year in state tax dollars to promote tourism. I oppose this subsidy. – Paia
 - ▶ I would like to echo what others have said, especially about the visitors to the island. We live here, and we have to pay this RUC? I oppose this pilot program. A three-year research project is too long. It means that you will just impose it at the conclusion of the research. One year would be more appropriate. – Paia
 - ▶ The tourist industry is the biggest user of the roads. Is there another option for funding our roadways that requires tourists to pay their fair share? I'm a car lover. The root of the problem is our roads. How do we fund fixes to our roads? Why don't we charge hotel taxes to pay for our public facilities (like our roads)? – Hilo

2.20. Treating different types of travel differently

Several commenters suggested that miles driven for different purposes—like discretionary travel (tourism or vacations) and necessary travel (work, school or medical) —should be charged at different rates. Some asked for special treatment for certain drivers, such as a subsidy for low income earners, or an exemption from paying RUC.

The HDOT understands the rationale for these comments. Whether there will be different rates for different types of travel or whether certain types of drivers will receive special treatment are policy and legal matters for policymakers to determine when a RUC program is under consideration for enactment. HDOT (and other agencies involved) will provide potential recommendations to the legislative body on the viability and cost of administering different types of miles for different purposes. HDOT will also provide estimates on the amount of revenue lost by any proposed subsidies or exemptions from RUC.

Comments and questions:

- ▶ Goods that come into the harbor on their way to different destinations – should there be differential charges based on discretionary choice of destination. – Lahaina
- ▶ There must be a difference between discretionary travel versus necessary travel. These miles are not equal. – Lahaina
- ▶ Could there be a homeowner exemption, or a commuter exemption, or similar discounts or exemptions? – Lahaina
- ▶ Is there going to be a subsidy for those that are low income? – Kapolei
- ▶ What about people that have to drive their personal cars for work? What about businesses where it's about driving? – Molokai
- ▶ My concern is why we have to carry the burden. We're so oppressed already. Tax the corporations: those making the money off of us, the ones that benefit. – Molokai
- ▶ When you compare other studies and statistics of other islands to Molokai, you're looking at different populations and status of employment. Molokai is a simple island with simple people and they don't have the money to buy new fuel-efficient cars and electric vehicles. You can see the lifestyle in our communities. It's not going to work for our island. – Molokai
- ▶ Hawaii state issues may not be the same as Hawaii County issues. Different population, different density. – Waimea
- ▶ I own three vehicles that are heavier, and I pay more in weight fees, and that is fair. But I'm concerned about the residents of Lanai and Molokai – their transportation needs are different. – Wailuku
- ▶ Have you looked at potential exemptions for businesses that are involved in community service with their trucks or vehicles? – Wailuku
- ▶ I'm a senior. I don't think I should be paying for mileage. I have a fixed income. I have to drive twice a week for therapy. To make matters worse, the roads in my area are poor. – Paia
- ▶ Can the state consider imposing a RUC that is based on different categories of ownership, maybe differing amounts for rental cars, residents, commercial use, etc.? – Paia

2.21. Treatment of the military

One commenter asked whether military personnel will be treated differently under a RUC program.

Currently, military personnel pay state and county gas taxes when they purchase fuel on military bases, unless the fuel is used for official U.S. government purposes. How this distinction would applied to RUC is currently unknown as no other state has researched this issue. Since the number of military personnel in Hawaii is large, HDOT will research this issue and inform the legislature of potential applications of RUC to military personnel.

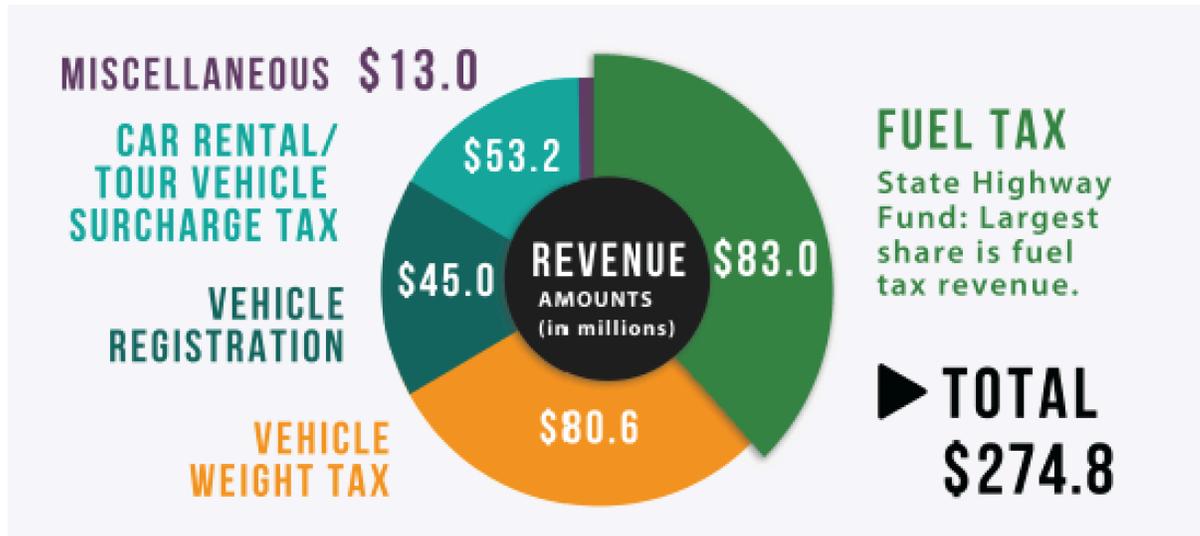
Comments and questions:

- ▶ Why can't the estimated 50,000 military personnel on Oahu that drive on our public roads pay the same taxes as the rest of us? – Kapolei

2.22. Use of revenues

Use of revenue was a common topic of concern to residents. Several expressed a preference that any revenue collected from a road usage charge be dedicated to roads and not be used to fund the Honolulu rail. Residents have expressed concern that the state spend revenue where it is raised rather than sending it to other islands. Concern over how revenue is spent went beyond road usage charges and include fuel tax and registration fees. Several residents were interested in learning precisely what type of work the highway fund supports.

Today, the state vehicle registration fee, state vehicle weight tax, and state gas tax revenue are deposited in the State Highway Special Fund. In addition, a rental and tour vehicle surcharge is also deposited into the State Highway Special Fund. This fund is dedicated to maintaining, improving, and expanding state roads and bridges. This includes projects like resurfacing, added capacity, safety improvements, and sidewalks, but also ongoing routine upkeep activities like grass cutting, pot hole repairs, and replacing traffic signs, lighting and restriping.



A road usage charge is being researched as a way to restore revenue lost as gas tax declines, so HDOT will recommend that RUC revenue should be dedicated to the State Highway Special Fund and used for state highway purposes. Proposed recommended elements for transportation funding policy will be provided as part of this project and will be included in the final report. If the legislature enacts a road usage charge, legislators would also need to designate that the funds collected be deposited in the Highway Special Fund like gas taxes are today.

Currently gas tax revenues collected are deposited into the State Highway Fund, and the HDOT spends such collections based on needs and priorities. Collections and expenditures from county to county may not match every year and flexibility is needed, especially when a response is needed for natural disasters, or to fund larger undertakings on a given island at a given point in time. In some years, a particular island or district may receive a higher proportion of funds, while in other years, it may receive a lower proportion, depending on needs and funding availability. There are [interactive Program Status Maps](#) available on HDOT Highways Division’s website that show where monies are being spent for ongoing and upcoming projects, and also [maps showing pavement and bridge conditions](#) and other data used in decision making to determine HDOT’s priorities.

Comments and questions:

- ▶ I hope this program hasn’t been concocted to pay for Honolulu Rail. – Lihue
- ▶ The money raised from state, city, and county taxes just disappears – we need to know where the money went, through audits, investigations, etc. before we give more. – Koloa
- ▶ Who administers these funds? The transit administration tax, for example, didn’t come back to Kauai. – Koloa

- ▶ How can we be assured that the tax revenue gets returned to Kauai and not siphoned off to other jurisdictions (islands) – Koloa
- ▶ What is the point of “revenue neutrality”? Are you (or aren’t you) going to be collecting more money? At first you said “you’d collect \$83 million per year under both systems” but now you are saying you need to raise more money because of the increasingly fuel-efficient vehicle fleet? I don’t understand. – Koloa
- ▶ With only 70,000 people in Kauai, how do we get our roads funded when Oahu, Maui, have all the people and get all of the money? – Koloa
- ▶ How will we know that RUC would be dedicated to road maintenance and improvements and not used for other programs or projects? – Koloa
- ▶ How can you ensure the money raised from RUC will actually be used toward roads? – Kapolei
- ▶ How do we know where the money is being spent? – Kapolei
- ▶ Will HiRUC revenue provide funding for Complete Streets requirements? – Kapolei
- ▶ Where does my \$500 registration fee go? – Kapolei
- ▶ How will you guarantee that people who drive long distances will have their money go to fix these roads, i.e., I live in Waianae and want my money to go to fix my roads there. – Kapolei
- ▶ The \$83 million per year gathered for fuel revenue – is that just for maintenance or does that also fund road expansion? – Lahaina
- ▶ A lot of the Maui money is going to Oahu; if things were managed better, you wouldn’t need these extra fees. This program seems like the costs must be examined as part of the study. – Lahaina
- ▶ Does the registration fee and safety fee stay on Molokai and help the people here or does it go to help other islands? They don’t pave our roads for 30 years. I just found out those are county roads? How does it work? How much money does it take to fix the 40 miles of state roads? When we up the registration, Molokai feels that too. We’re a small island, and Maui and Oahu, if it’s used for their fixing, then it’s a big question mark. – Molokai
- ▶ Does this have anything to do with the rail? – Molokai
- ▶ I don’t think I even really support this study. With a \$4M price tag, get so much more things that are urgent that need to take care of for Molokai. The state highway is eroding under Kalahawa, our waste water, state department of health says it’s going to overflow any day now. You need to go back and get some tangible evidence before moving ahead. Not just something that has been done somewhere else. Hawaii is good at doing plenty of studies, putting it in a book, it goes on a shelf. There is nothing so urgent that they must do the study now. You tell us either the gas tax or road charge. But the beauty

- of democracy is that the people get to choose where the money comes from. There are other ways to supplement the roadways. In no way should the communities be stressed out to think that you only have two ways. There are county ways to get it, federal ways to get it, other income sources to get this money. – Molokai
- ▶ If this RUC is enacted, will it be for CIP (repair and maintenance). If this is enacted, would it only be for repair and maintenance of state roads or county roads too? – Lanai
 - ▶ We're only going to drive 7 miles down to the harbor and ferry. We're paying \$5 per gallon for gas. I think Lanai is already paying above and beyond their state taxes for that. The money we are paying isn't going to be going to Lanai, it's going to other state roads – Lanai
 - ▶ When you get your driver's license at the DMV, you pay a fee (state and county), where does that go? – Lanai
 - ▶ When you are buying gas that is not used on roads, is there a way to get the taxes back since it is not used on-road? (more for diesel) – Lanai
 - ▶ Are the funds that we are paying going to stay on the island that we live on? It's a very lopsided balance sometimes. TAT was increased, but that went to rail. It's a very Oahu-centric state. And I understand that most residents are on Oahu. – Kona
 - ▶ I'm a proponent of fair share. We've been overpaying on Puna. All ships must rise together. HELCO's #1 expense on this island is landscaping and tree trimming. I would be very fascinated to see how it's been split out, but that's just to feel better about a road usage charge. – Kona
 - ▶ Where does your budget come from? Any GE tax thrown in? Where do the percentages come from? – Kona
 - ▶ Refining capacity on this island used to be 3, now there's one left. They don't only refine gasoline, but jet fuel also. If we don't have enough capacity, they won't find it profitable to be here, we will only have 10% of the asphalt for paving the roads. If you switch to concrete, it might make sense. You have to look at the side-effects of what happens in this state and this county. Roads cost twice as much on this side, that makes no sense. We get 20% of the money from state, which is a disproportionate amount. We get more per person from the state because we have more roads. – Waimea
 - ▶ State roads are they Queen K, Hamakua? Which ones are state roads, what percentage are state roads? Are they mostly state roads? Our neighborhood roads? What about on Oahu? The money that has been going out, how is it divvied before and how will it be divvied after you go to the RUC? – Waimea
 - ▶ Quality of the road pavement is a big issue. There's a history here of sub-standard quality, not because of the contractor, but because the county/state was willing to pay for it. – Waimea

- ▶ How many miles of state roads on Big Island? Which roads? How many miles on Oahu and other islands? Percentage? How is 30% divided by county? Is it population, number of cars, or amount of road miles? Big Island drives further than other locations. Are we then paying for other roads on other islands? – Waimea
- ▶ What is HDOT's operating budget? How much gets spent for the rail, etc. If we understand what the budget is, we can better understand the issue. – East Honolulu
- ▶ Does this money collected go to the general fund? – East Honolulu
- ▶ We all need to pay our fair share, but you need to give us an accounting of your money first before you raise taxes on us. – Windward Oahu
- ▶ Several years ago, HDOT's budget was swept by the Governor to balance other parts of government spending. Why would we pay more if that is just going to happen again? – Wailuku
- ▶ Are you planning on constructing any new roads? – Wailuku
- ▶ I live up in Haiku, and we have the highest taxes but the worst roads. Why aren't our roads a priority for being fixed? – Paia
- ▶ What is the total money in the state that is allotted for road repairs? – Paia
- ▶ For 30 years we have advocated for HDOT to realign the highway, yet funds are continually put into repairing the same road instead. Over that time period, roadway realignment could have happened, but instead you just keep patching up the old road. The Hana highway is also very dangerous, especially with all of the tourists driving on it. – Paia
- ▶ The funds from the RUC – would those go only to the state highway fund, or would it also go to the general fund? – Paia
- ▶ How are the funds for road repair split up between the islands – evenly, or proportionately, or some other way? – Paia
- ▶ If the whole state did not have to fund the \$9 billion dollar Honolulu Rail project, would we even be talking about a potential revenue shortfall issue? – Paia
- ▶ I know that RUC is intended for the future, but some people travel a long distance. A long time ago, we never paid for vehicle inspections, a weight tax, this much in gas tax, etc. And yet the roads are horrible. I am retired now and don't have to travel much but my family does. There are people's lives that are represented by crosses along the road. Our kids can't buy a car nowadays because cars cost so much to own. The government is oppressing us. Stop spending the money so foolishly. (Transparency by HDOT on their spending is desired). – Hilo

2.23. Weight of the vehicle

Several commenters suggested that RUC should have a weight component so that heavier vehicles would pay more than lighter vehicles. Some proposed raising the weight tax instead

of a RUC while others opposed such an idea. Several proposed combining RUC with the weight tax.

The HDOT understands this concern expressed by meeting participants. Most states have applied RUC only to passenger vehicles weighing less than 10,000 lbs. For example, Oregon, the only state with both a passenger vehicle and heavy vehicle distance-charge program, applies a weight factor only for vehicles greater than 26,000 lbs. and applies only a diesel tax for heavier vehicles between 10,000 lbs. and 26,000 lbs. Studies have shown that applying a weight factor for passenger vehicles less than 10,000 lbs. has an effect so minimal other states have decided it is not worth the effort.

Hawaii could consider following Oregon's lead on the weight factor, or Hawaii can plot its own course in looking at other alternatives. Revisiting and revising the current weight tax could be considered in a separate undertaking from this HiRUC project. No state has applied RUC to motorcycles or mopeds. Whether this is feasible is another matter for separate research, if determined by HDOT.

Comments and questions:

- ▶ There is a basic flaw in your formula: not accounting for the weight of the vehicles – consider *Mileage x Weight* in the formula for RUC. – Lihue
- ▶ I support the weight tax – if the gas tax is going down, then perhaps the weight tax should go up? – Lihue
- ▶ On the weight tax: the registration for a diesel pick up is almost double that of a passenger vehicle, so don't raise the weight tax. – Lihue
- ▶ RUC impact on personal versus commercial vehicles: commercial heavy vehicles will be better off than they are now under your proposed system. – Lihue
- ▶ Can we reinstate weight stations and scales on heavy trucks? They are really damaging the roads here in Kauai. – Lihue
- ▶ Weight tax: where does the money go to? Is Kauai a recipient county (receiving more than it contributes) or a donor county (paying more than it receives)? – Lihue
- ▶ The RUC tax rate should be based on *Mileage x Weight* (although what happens with EVs)? – Lihue
- ▶ There are no more HDOT [weigh stations] down in Kauai/Koloa. The heavy trucks are tearing up the roads but without weigh stations, trucks are running overweight. – Koloa
- ▶ If the issue at hand is road damage, and if it's safe to assume that larger vehicles with heavier weights overall create and contribute to more of the road wear, then why will it be fair to apply an equal mileage tax to subcompact vehicle [versus applying a mileage tax] to large vans and trucks? Small vehicles are creating less damage. – Kapolei

- ▶ Heavier cars should pay more because they damage road more than lighter-weight cars. What about motorcycles and mopeds – will they pay RUC? – Kapolei
- ▶ Why should the owner of a 3,000 lb. car pay the same per mile as the owner of a 20,000 lb. truck? – Kapolei
- ▶ Is it more detrimental to the roadway to have heavier vehicles traveling on it than lighter vehicles? – Lahaina
- ▶ Heavy commercial vehicles cause the biggest damage. But I am concerned that a VMT tax on trucks will be passed down to consumers and cost my constituents more. – Lahaina
- ▶ Restricting the study to not include heavy duty vehicles is a bigger deal here than on Oahu. – Waimea
- ▶ Is vehicle weight tax being considered? This tax is based on weight only and not on the number of miles that weight is pounding the pavement. – Waimea
- ▶ Heavy construction vehicles, can you get higher revenue from them? – Lanai
- ▶ A penny a mile, will that apply to a 50,000-pound dump truck? – Kona
- ▶ It's not only the weight of the car, but the equipment that they have in the car. – Kona
- ▶ We're keeping the discussion to the weight tax the smaller cars are paying. But what's the equality with the weight tax? The biggest heaviest trucks are the ones jamming the roads. – Kona
- ▶ There's another tough topic. I see occasionally extremely overloaded trucks on the Big Island. – Kona
- ▶ Heavy vehicles do a disproportionate amount of damage in this county. Large versus small cars is an issue – pickup trucks versus hybrids. – Waimea
- ▶ Light duty vehicles only in this study? How about semis? Why not? – Waimea
- ▶ I'm concerned that I heard that an F-150 would pay less and they would be "saving money." It seems a heavier vehicle might do more damage, so whatever we setup would reward those big trucks. It should also be about efficiency and weight. – East Honolulu
- ▶ As part of your study will you be reviewing a vehicle weight tax? A big old semi-truck will be making a lot more damage to the road than an ultra-light vehicle. But they are getting 7 miles per gallon, so they are already paying more. There's a possibility to just charge EVs more in weight tax than a Chevy Malibu. – East Honolulu
- ▶ What hurts the roads the most? – East Honolulu
- ▶ Are you considering weight of the vehicle in your charge? The Tundra makes a lot more damage to the vehicle than other passenger vehicles. – Windward Oahu
- ▶ Roads are in disrepair. DOT is responsible for weight enforcement but vehicles that are overweight are tearing up the roads. But DOT is not investing the money in the scales.

There used to be scales in Kailua. Solve that first, maybe the cost would come down significantly. – Windward Oahu

- ▶ American Association of State Highway Transportation Officials organization did a study of road wear and found that road wear depends on the weight of the vehicle to the 4th power. A truck that weighs more does 10 times the damage. So if you're talking about fairness, they should pay. – Windward Oahu

2.24. Miscellaneous

Many residents asked questions and made comments that did not fit into a category with other questions or comments. Each of these “miscellaneous” questions and comments is listed below, along with a response where appropriate.

Question: For your test involving 2,000 drivers, how do you divvy up the volunteers per island? – Lihue

Response: The project team aspires to recruit a balanced representation of volunteers from each county, with roughly 500 from each. We encourage everyone to sign up for our newsletter to learn about volunteer opportunities: <https://hiruc.org/stay-informed/>

Question: How many miles of road do we have in Hawaii? – Kapolei

Response: The state owns and maintains 943 miles of roads. The counties also own and maintain another 3,334 miles of roads. Other jurisdictions including the federal government own and maintain 200 miles of roads. The grand total is 4,476 miles. There are 9,781 lane-miles.

Comment: All of the city/county people driving around in Kauai with new Toyota Tacomas – that's where the money goes. – Koloa

Question: If passed, will RUC last indefinitely? – Kapolei

Response: This question goes far beyond what this HiRUC research project will cover and it is unknown at this time if and when a RUC would be implemented. It is conceivable policymakers could enact a RUC on a test basis, temporarily for some vehicles, or permanently for some or all vehicles.

Question: What does the “\$11 Million in-kind contribution” in the grant proposal refer to? – Kapolei

Response: The HiRUC research project is funded by a federal grant. The “in-kind” contribution refers to the cost associated with collecting vehicle data at safety checks, which will be studied as part of the research. This refers to money already spent under the current safety check program, which the federal government concurs is an eligible “in-kind” expenditure. Thus, HDOT gets “credit” for this expenditure without committing new money.

Question: This tax is a form of a blanket toll on all roads. What happens when it costs more, and they raise the toll for the zip lane, or commute times if we are monitored electronically?
– Kapolei

Response: Currently there is no toll being collected in the Zipper Lane, and the HDOT does not have any current plans to place a toll charge on the Zipper Lane. A RUC is *not* a facility specific charge like an identified bridge, to a specific lane (Zipper Lane), or to a specific roadway, and it is not a congestion pricing charge that is tied to a certain time period.

Question: Are HDOT's funding needs taking into account coastal highway erosion/damages and other emergencies resulting from changes in climate? – Kapolei

Response: HDOT's top priority is safety and the maintenance and operation of the system we have today. For coastal erosion, the HDOT is looking at both short term and long-term solutions, and in the process of engaging other agencies and stakeholders.

Comment: It's a bit disingenuous to say that 30% of revenue is from the state gas tax – that is not much more than 29% coming from the weight tax. If you collected \$83 million from the gas tax, you collect about \$80.2 million from the weight tax. Rental cars bring in \$52.6 million and \$44.3 million from registration fees. – Kapolei

Response: The numbers stated by this comment are correct. 30% of state revenue for highways comes from the state gas tax, while 29% come from weight tax, about 19% from rental car fees, 16% from registration fees, and 5% from miscellaneous sources.

Question: Will the bus and Handi-Van also have to pay the surcharge, or only the general public (vehicle owners)? – Kapolei

Response: If a road usage charge is enacted, all vehicles using public roadways should pay some fair share. Transit and para-transit vehicles currently are not exempt from gas tax.

Question: The FAST Act provided \$305 Billion over five years (through 2020). How much federal money is included in the HDOT budget? – Kapolei

Response: HDOT's limitation apportionment from the FAST Act was \$161 million in 2018.

Question: Why didn't you mention that this was a study? That should have been more clearly stated. These people are furious because they didn't understand it's a study. – Kapolei

Response: The HDOT agrees there should have been more emphasis that HiRUC is a research study of potential options to replace the state gas tax. The HDOT will emphasize this more prominently going forward in future meetings.

Comment: Kauai roads are not being maintained and repaired. – Koloa

Response: In response to the 2018 floods, the HDOT anticipates close to \$70 million will be spent on restoration efforts on Kuhio Highway. In addition to this, in the past few years, the

Island of Kauai benefitted from the HDOT deciding to move forward with significant bridge replacement and rehabilitation projects such as for the Hanapepe River Bridge, Bridge 7E, and the Mailihuna Road Intersection/Kapaa Bridge Rehabilitation projects totaling \$64 million. In 2019, the HDOT is committed to funding the replacement of the Wainiha Bridges at an estimated cost of \$32 million. Other recent or ongoing projects on Kauai state roadways include 3 resurfacing projects totaling close to \$9 million.

Comment: An “idle meter” [engine run time meter] has been suggested. This will directly impact west Oahu drivers. – Kapolei

Response: An engine run time meter was briefly considered and dismissed by Washington and California in their early road usage charge research. It was mentioned as a possibility in HDOT’s 2016 feasibility study of road usage charges but is not being considered for further research as part of the HiRUC project.

Comment: Businesses with fleets have also purchased fuel-efficient vehicles. Their costs are passed on to consumers in increased costs. Keep in mind these fuel-efficient vehicles already cost more than those that are less fuel-efficient. – Kapolei

Response: The project team appreciates this input and will work with commercial fleets to understand not only their costs but also how they would interact with a road usage charge system.

Question: Exactly how many state highway miles do we have on Molokai? – Molokai

Response: 53 miles.

Comment: You said you got \$4M from the Feds. And the Feds cut deals with our roads. They are supposed to be repaying the Native Hawaiian people. It sounds like it will oppress us, the Hawaiian people, because many of us kupuna are retired. – Molokai

Question: How do people report road issues to the DOT (e.g. rumble strip on a very narrow road, paving of the road to the fish pond, a one lane section where there needs to be multiple lanes.)? – Molokai

Response: The Maui District Office can be contacted at 808-873-3535 to report roadway concerns.

Question: How likely is it that you will go through with it anyway? – Molokai

Response: HDOT’s administration will make recommendations at the conclusion of the study based on all the input received statewide about whether and how a RUC could work in a way that is fair and sustainable. What those recommendations look like will depend on the feedback received through the public meeting process and through the research over the next three years.

Comment: Electric vehicles in Molokai? How many times have you come to Molokai to check the roads? If you maintained it, you wouldn't have to have this? How did this come about? Who proposed this, this RUC? I am angry. Another one coming to Molokai? You don't have a solution. We need a solution now, not in 20 years. Let the legislature know they should come and live here. Need to let the legislators know "NO." We're always talking to the middle person. Anonymous people came and said, "where can we make money?" No one is bringing solutions for us. Find a better Molokai solution. – Molokai

Question: How do school buses pay for taking kids to public schools? – Molokai

Response: School buses pay taxes on the gasoline they purchase for use of the roads, like other vehicles.

Question: When is the final report expected and when are the other meeting opportunities or opportunities to provide input? – Molokai

Response: The final report will be delivered in 2021. There will be several opportunities to provide input, most importantly by answering the surveys starting in late 2019 that will be mailed to each household along with a personalized driving report. The project also accepts comments on the website www.hiruc.org. And there will be an opportunity to be one of a 2,000 volunteers to try out new reporting technologies in 2020.

Question: \$4M from Federal, is it to make the concept work? (i.e. they wouldn't give money for nothing) – Molokai

Response: The purpose of the study is to better understand public concerns and issues related to how we pay for our roads, so the state can do a better job of defining alternatives for the future.

Question: Where is the \$4M coming from? – Molokai

Response: A grant program created by Congress in 2015 administered by the Federal Highway Administration.

Question: Will you consult with the Native Hawaiians? – Molokai

Response: The HiRUC project aims to consult with as many affected drivers as possible through stakeholder outreach, these public meetings, and direct engagement of households through the survey process.

Comment: They paved the road down to the barge harbor twice and the road was perfect. Why did they pave it? – Lanai

Question: Is the fuel tax a % or flat rate? – Lanai

Response: The state fuel excise tax that funds the highway system is a flat 16 cents per gallon.

Question: Will you come back to Lanai before you pau? – Lanai

Response: We have not yet made plans for another round of public meetings. The focus of the project after these public meetings will be to collect individual feedback through surveys based on personalized direct mail.

Comment: The piecemeal problem of solving infrastructure does not work, we need a master plan for all infrastructure like sewers. – Lanai

Comment: This affecting everyone around here, right? Why only so many people [in attendance]? I think you never advertise it well. One trucker in Waimea told us. Why not at the state building? Not enough. – Kona

Question: Where are the most EVs around the islands? – East Honolulu

Response: Most EVs are on Oahu.

Question: Can you do the math on the Big Island where we drive substantially further and how RUC will fall out for us? – East Honolulu

Response: Yes, once the project analysis begins we will be able to analyze how much driving occurs by island or ZIP code and map the impacts of switching from a gas tax to a RUC.

Question: Is there a place where we can review these numbers online? – East Honolulu

Response: Yes, there is a calculator online at www.hiruc.org.

Question: Is there a way for the public to access the budget information? – East Honolulu

Response: Yes, HDOT posts the budget for the state highway department online and is also working to increase transparency on spending and projects, which will be made available online later this year.

Question: Can you talk about the volunteers? Do you have a strategy for that? – East Honolulu

Response: We are hoping to recruit up to 2,000 volunteers with about 500 per island for the second phase of the pilot test. Interested folks can sign up to be on our interest list and receive project updates at www.hiruc.org.

Question: Is there any commission or board that oversees the activities of the Department of Transportation? – Windward Oahu

Response: HDOT is a cabinet agency of the Governor.

Question: Have the methods for the study already been designed? – Windward Oahu

Response: No, the project team will select methods in part based on the feedback from these meetings.

Comment: You've never given us the benefits. Start with the benefit, not just the tax. – Windward Oahu

Comment: The state is stuck in a big money grab due to rail. They didn't give us the true facts, only 1-2% of vehicles will be removed. We have to end rail. \$8B would have solved everything. – Windward Oahu

Question: Will the public be informed? Are we going to be told about the structure as you formulate it? – Windward Oahu

Response: Yes, all the factors going into the RUC calculations for purposes of this research will be made available online and also explained on the driving reports going out later this year.

Comment: You are doing the right thing about coming to the community earlier, before this idea becomes a proposal. – Wailuku

Question: How much is this pilot project going to cost the taxpayers? How much of that \$4M have you spent already to survey the neighbor islands and not just Oahu? – Paia

Comment: The HiRUC research including public meetings, outreach, direct mailers, technology test drive, analysis, and reporting, is funded by the federal government, including a \$4 million grant that HDOT won from the Federal Highway Administration.

Comment: The Hawaii DOT is spending \$4 million to come talk to us. I expect HDOT to come back at the end of the study and report the results. I wish there was more community involvement and better media coverage for this RUC meeting. – Hilo

Question: Will HDOT come back out again to report back to us, or are you expecting people to get on the internet and tell you what they think? Not everyone has the internet and computers in our community. – Paia

Response: In addition to these public meetings and online comments, the project will be sending direct mail and surveys to households. We hope folks will provide their responses to those surveys.

Comment: Our communities would appreciate it if you would hold another meeting here later. – Paia



Question: What is HDOT going to do with this information? We believe that RUC is not good for this community, and for the other communities that you are visiting. I do not support this pilot program. – Paia

Response: HDOT is collecting information not only from the public meetings but also from the future phases of research to help make informed recommendations about the future of our transportation funding. We can continue to rely on the gas tax, but the tax base for that is shrinking, so raising the gas tax will disproportionately impact drivers of older vehicles in time. With this research, we will have information that will prepare the state should we need to switch to a new method of funding the roads in the future.