



## STAKEHOLDER ADVISORY GROUP MEETING #4

May 5, 2021 | Meeting Summary

Online Meeting

### ATTENDEES

#### Stakeholder Advisory Group Members

Sen. Ron Kouchi, *President, State Senate*

David Cho, for Donovan Sen. Donovan Dela Cruz,  
*Chair, Senate Ways & Means Committee*

Rep. Henry Aquino, *Chair, House Transportation  
Committee*

Rep Della Au Belatti, *House Majority Leader*

Rep. Sylvia Luke, *Chair, House Finance Committee*

Nandana Kalupahana, *House Finance Committee*

Connie Kaneshiro, City and County of Honolulu

Mike Busch, Maui County

Ted Shiraishi, Department of Taxation

Keith Regan, Hawaii Tourism Authority

Marianne Kim, AAA Coalition of Hawaii

Tom Yamachika, Tax Foundation of Hawaii

#### Hawaii Department of Transportation (HDOT) Staff

Scot Urada, Project Manager

#### HiRUC Project Team Support Staff

Travis Dunn, Milestone Solutions

Ging Ging Fernandez, Milestone Solutions

Jeff Doyle, Milestone Solutions

Anneliese Gill, Milestone Solutions

Piia Aarma, Pineapple Tweed

Lani Nakazawa, Spire Hawaii

Becki Ward, Ward Research

**NOTE:** What follows is primarily a summary of the presentations at the meeting.

### WELCOME & ROLL CALL

Scot Urada from HDOT welcomed participants to the virtual meeting at 11:03 a.m. He stated that this meeting would consist of a 90-minute project update. The PowerPoint and recorded version of the presentation is available at <https://hiruc.org/resources/>

Mr. Urada then conducted a roll call.

### LEGISLATIVE UPDATES AND NATIONAL TRENDS

Mr. Urada delivered this presentation for Ed Sniffen, HDOT Deputy Director. At the national level, there is a strong interest in Road Usage Charge (RUC), the new transportation secretary has mentioned RUC, and there is a conversation about a national pilot. The federal government is interested in this subject and has been providing funds to the states. Mr. Urada presented a map showing the states that have enacted RUCs and those where RUC research is being conducted. Three states have implemented RUCs: Oregon, Utah, and Virginia.



There were no questions concerning this presentation.

## **HAWAII ROAD USAGE CHARGE DEMONSTRATION (HiRUC) UPDATE**

Mr. Urada presented graphs that showed that Hawaii has more high mile per gallon vehicles than nationally, and that HDOT's four main sources of revenue (fuel tax, weight tax, registration fee, and rental car surcharge) have topped out and started to decline, with the most concerning being the drop in the fuel tax.

Mr. Urada explained that the HiRUC project was based on a 2016 Feasibility Study. The project is primarily funded by a \$4,000,000 federal grant. HiRUC started in late 2018, and one of the first activities was a large-scale community outreach, which was conducted from March to May 2019. HDOT received great input. The questions and answers from the outreach are available on the HiRUC website ([www.hiruc.org](http://www.hiruc.org)). Between July 2019 and December 2020, Driving Reports were issued to about 300,000 vehicle owners. The reports, which were based on safety check and DMV data, compared payments under a potential RUC versus the fuel tax. Online and paper surveys were also issued, and about 40,000 surveys were received.

A Technology Test Drive was conducted with about 2,000 people statewide from July 2020 to January 2021. The test drive involved drivers recording their mileage for the test period using a recording device of their choice. Input from participants was received. The Technology Test Drive is wrapping up now, except for a portion relating to fleet vehicles, which was added after the Technology Test Drive began. The fleet-focused demonstration is expected to end in July. Following the Technology Test Drive, the data collected during the project will be analyzed and the focus will turn to policy issues, and policy (white) papers will be produced. This phase is expected to end in December 2021. A final report will be produced, and will be shared with the federal government, the stakeholder advisory group, legislators, policy makers, and other states.

There were no questions regarding this presentation.

## **DRIVING REPORT AND SURVEY RESULTS**

Ging Ging Fernandez, from Milestone, explained that the first portion of the pilot, launched in October 2019, was designed based on Hawaii vehicle inspection data. As discovered during the initial focus groups conducted by Ward Research, one of the biggest misconceptions was that the RUC would cost drivers a lot more [than the gas tax]. The idea behind the Driving Report was to send customized statements showing the state and county gas tax paid each year, compared to the state and county RUC. Ms. Fernandez reviewed the methodology, presentation considerations, and contents of the Driving Report. She added that the Driving Report included a call to action that directed people to an online or paper survey. The goal was to reach as many Hawaii drivers as possible.

Becki Ward of Ward Research summarized the results of the survey. She explained that 40,000 responses (or 11 percent) were received, which is terrific. She described the timing and methods used for the survey. The methodology used for the survey varied slightly over time, and some of the results reflected the variation. Work was done to ensure the survey sample was representative across all phases (waves) of the survey.

Ms. Ward summarized some of the main survey results:

- The most important issues statewide for owners of electric vehicles (EV) and non-EV owners were the high cost of living and the economy and jobs, the latter which probably moved higher in

importance because of COVID. For EV owners, as expected, there was a greater concern about the environment and climate change.

-For transportation issues, the concerns for both groups were reducing congestion and delays and improving the quality of roads. On the EV side, there was increased interest in choices for getting around besides driving, and reducing emissions.

Survey respondents were asked about their awareness of gas taxes prior to receiving the Driving Report. Eight out of ten were aware they were paying state and county gas taxes, but it is unknown whether they knew how much they were paying. Respondents were also asked about the amount of gas taxes shown in the Driving Report. About 30 percent said it was more than expected, but two-thirds said the amount was as expected. In general, 50 percent of non-EV respondents said that they were somewhat or very familiar with the idea of the RUC before receiving the Driving Report. There was greater reported awareness of RUC among EV drivers. Now they have received the Driving Report, eight out of ten non-EV respondents and nine of ten EV respondents said they had a somewhat good understanding of the RUC. Respondents were asked about their initial reaction to funding roads and bridges with the RUC instead of the gas tax. Roughly half of non-EV respondents said they were somewhat or very supportive, and about 40 percent were opposed. With EV owners, opposition was stronger, but 42 percent were very supportive or somewhat supportive.

Conditions were imposed, and respondents asked if they would be more or less supportive of RUC with the conditions. Two conditions that moved the needle furthest for both groups were if the RUC revenue were only used for road and bridge maintenance, and if rental cars paid a higher rate per mile. For EV drivers, there was a net gain in support if drivers of fuel efficient paid less or if EV drivers were charged half of the RUC, and the others paid the gas tax.

After seeing the estimated RUC charge, the biggest proportion of respondents said they preferred to pay once a year, however options to pay in installments are important. There was a greater preference for a one-time payment in urban Honolulu to East Honolulu, and stronger support in the rural areas for paying in installments, either monthly or quarterly. About half of the respondents support paying the weight tax, registration fee, and RUC all in one bill. When installment payments were added as considerations, there was not much change. Ms. Ward stated the takeaway is not the frequency of payments, but the combined bill that most likely makes a difference.

Other survey results showed that if the RUC replaced the gas tax, there would be no (or very little) impact on buying a new car or more fuel-efficient car, purchasing an EV, or driving. Respondents were also asked about the impact of COVID on their driving, and about half said they drove a lot less, and one-fourth said they drove a bit less. When asked how much driving they would do after the pandemic (COVID-19) was controlled, the responses indicated that their driving would be about the same.

Travis Dunn of Milestone presented following Ms. Ward. He provided a snapshot of the overall assessments from research regarding RUC in Hawaii compared to other states that have done similar research. Oregon, Washington, and California have conducted surveys where the public was asked whether a RUC would be more fair or less fair than the gas tax. The results across the three states were fairly consistent, with 15 to 23 percent stating that the RUC was more fair and a larger (40 to 46 percent) said it would be less fair. The 2018 Hawaii phone survey had the opposite result, with 41 percent saying the RUC was more fair and 25 percent less fair. Aggregating the results of the Driving Report (which asked a different question, i.e., support for the concept of a RUC compared to the gas tax), the responses were 47 percent support and 39 percent no support, across the four phases of the survey.

Ms. Ward summarized the results of the Driving Report surveys as follows:

- Hawaii drivers had a higher level of understanding and higher initial acceptance of RUC than other states.
- Support for the RUC increases when people are assured funds are dedicated to improvement and maintenance of roads and bridges, if rental cards pay more, or if EVs are initially the only ones charged the RUC.
- EV drivers have lower levels of support, but support tends to improve with other conditions, such as discounts for EVs, but that is opposed by non-EV drivers.
- Large majorities prefer to report miles at vehicle inspection and about half want flexibility in payment--to be able pay the RUC in quarterly or monthly installments.

There were no questions regarding this presentation.

### **POLICY RESEARCH UPDATE**

Jeff Doyle of Milestone provided an update of the policy research methodology and progress. A policy research work plan was pursued for almost two years. Sources of research topics were the 2016 Feasibility Study, participants in the pilot project and public meetings, one on one meetings with key stakeholders, civic leaders, stakeholders, and the public. A list of research topics was compiled. Research results will be used as information for HDOT and legislators, and to answer community questions. Technical issues, such as intergovernmental processes, will be in a technical memo. All other issues that the public is eager to hear about will be in a report sent to stakeholders and others who raised the issues.

Mr. Doyle presented a snapshot of issues, including the effects on urban drivers versus rural, which was strongly raised in West Oahu and the Big Island. Another issue of concern across all islands was the impact on clean vehicle purchases. Other issues were identified in the initial Feasibility Study, but after hearing more from stakeholders and leaders, some issues such as bond issues were demoted because they were not of public interest. Mr. Doyle identified nine issues that were considered.

- Geographic impact, such as the impact on rural drivers. This research is under review by HDOT internally and will be published in final report.
- Impact on low-income drivers. There will be little to no impact, as those who use less efficient vehicles as their primary vehicles will pay less under the RUC.
- Vehicle weight. There is less urgency to switch heavy vehicles to the RUC, because they already pay more weight tax and because diesel fuel tax collections are relatively stable, compared to gas tax collections for passenger vehicles.
- Efficient administration. The research into how the pilot ran, data analyses to find cost drivers, and cost structure, or how the program could be run to make it more efficient are pending and waiting on the Technology Test Drive data.
- Enforcement. This issue was examined, and there were a range of policy and operational options to enable people to remain compliant.
- Variations in the RUC by jurisdiction. Major variations in the way RUC is implemented was determined to be prohibitively expensive because a key component is having the central database of all registered vehicles and data regarding whether the RUC is being paid. Variations that would require each county to have its own RUC system would not be cost effective. Variations in RUC rate and timing of transition to RUC could be accommodated. This issue is being reviewed.

- Future of gas tax. Research shows it may be desirable to have a period of transition, where the gas tax is kept in place until a transition to RUC is complete.
- Impact of clean vehicle adoption. Research is being conducted into the impact on consumer choice when buying vehicles. There is preliminary information, and research continues.
- Tourists paying for fair share. The only way to capture road usage is if rental vehicle are in the RUC. Options for the HDOT and policy makers are being looked into.

Mr. Doyle explained what happens next with the research. The research results (white papers) go to HDOT, technical issues will be in a technical memorandum that will go in the back of the report. Policy issues will go to the advisory group and HDOT, who will review the research to make sure it is accurate, thorough, and fairly represented. The feedback will be incorporated into a final report that will be completed at the end of the year.

There were no questions regarding this presentation.

### TECHNOLOGY TEST DRIVE

Ms. Fernandez explained that the second part of the pilot allowed participants to experience alternative methods of collecting data. Over 7,000 people expressed interest in participating and 1,897 participants enrolled, making this the largest per capita pilot. The nine-month Technology Test Drive concluded in February and March. Results are still being analyzed. Three options were offered, plug-in device with GPS, plug-in device without GPS, and odometer photo (OdoFoto), where participants provided photos of their odometer. Ms. Fernandez reported that the odometer photo method was surprisingly selected by the majority, with plug-in without GPS second, then plug-in with GPS. The preference was different than experience in other pilots, where plug-in devices were preferred. Participants were representative of the populations of all four counties. Ms. Fernandez provided a screen capture of the iPhone app, and explained the data users could see (such as miles driven and estimates of RUC). Users could also opt in for value added features (such as vehicle health, driving scores, carbon footprint) as a test to see if value added service offerings could be used to help offset some of the costs of plug-in devices.

Ms. Ward reported on findings, which were preliminary, as the pilot just concluded at the end of February and March. More than 40 percent said the annual safety check is fine, 23 percent liked the plug-in device with GPS, a much smaller percentage preferring without GPS, and 25 percent preferred OdoFoto. Once participants actually used a device, their opinions regarding RUC became more supportive. After participating in the Technology Test Drive, 25 percent said that they used to be unsure about the RUC, but now prefer it. Thirteen percent used to support gas tax before participating, but now prefer the RUC. Eleven percent used to support the RUC, but now prefer the gas tax. One-third report no change in opinion, and 13 percent needed to know more. The net movement to the RUC results in a gain of 22 percent in support of the RUC after the Technology Test Drive experience.

As to next step recommendations, under 30 percent say to move forward to implement as soon as possible. A little over 20 percent say to gradually phase the RUC in the next five to ten years. Nearly 30 percent say to apply the RUC to vehicles who pay no gas tax (EVs). The largest proportion says make the move, but there are differences in opinion how quickly it should be made, and how it should be implemented. More will be shared at the next gathering.

Mr. Urada noted that this phase showed the value of having participation in an actual hands-on experience.

There were no questions regarding this presentation.



## **UPCOMING PROJECT ACTIVITIES**

Policy papers are being developed, reviewed and edited, and the Stakeholder Advisory Group will be asked for review and input soon. Dates of other activities are:

- The Technology Test Drive with fleets ends in a month and a half to two months
- The next stakeholder advisory group meeting will be in the fall of 2021
- The final report is anticipated to be completed in January 2022

Mr. Urada then led the group in a moment of silence in the memory of Barbra Pleadwell, HiRUC project team member.

Mr. Urada stated that he could answer any questions by call, email, or through the project website.

## **ADJOURN**

The meeting was adjourned at 12:21 p.m.