



# This Week in State Tax (TWIST)

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## Hawaii: Mileage Based Road Usage Charge Replaces Fuel Tax

Hawaii has recently become the latest state to enact legislation designed to curb the reduction in fuel tax revenues due to increased use of electric vehicles and to maintain funding for road infrastructure. Senate Bill 1534 sets the stage for eventually replacing Hawaii's existing motor fuel excise tax with a mileage-based road usage charge for all vehicles to be administered as part of the state's annual vehicle safety inspection and vehicle registration process. The first part of that plan is to subject electric vehicles to a mileage-based road usage charge effective July 1, 2025. The state mileage-based road usage charge will be calculated at the rate of 0.8 cents per mile traveled, multiplied by the number of miles traveled, less the estimated amount of paid state fuel taxes that correspond with the number of miles traveled. Until June 30, 2028, owners of electric vehicles may elect to pay the current \$50 registration surcharge for electric vehicles in lieu of the state mileage-based road usage charge. The bill also requires the Department of Transportation to develop a long-term mile-based road usage charge implementation plan, including proposed legislation, to encompass all passenger vehicles and light duty trucks by December 31, 2033. Please stay tuned to TWIST for additional fuel tax replacement developments.



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