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DEPARTMENT OF CUSTOMER SERVICES
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CITY AND COUNTY OF HONOLULU

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August 18, 2025

The Honorable Val A. Okimoto, Chair
and Members
Committee on Budget
Honolulu City Council
530 S. King Street, Room 202
Honolulu, Hawaiʻi 96813

Dear Chair Okimoto and Councilmembers:

SUBJECT: Bill 62 (2024), CD1, Relating to Motor Vehicle Registration
HEARING: Tuesday, August 19, 2025, 9:00 a.m.

The Department of Customer Services respectfully offers comments to Bill 62 (2024), CD1, Relating to Motor Vehicle Registration, which proposes to exempt veterans aged 65 and older and who were not dishonorably discharged from the annual $20 motor vehicle registration fee imposed by the County of Honolulu pursuant to Section 15A-4.1, Revised Ordinances of Honolulu 2021 (*highlighted on page 3 below).

While we appreciate and support the effort to recognize and honor our veterans, we offer the following comments regarding existing exemptions from motor vehicle registration fees and taxes for Hawaiʻi active-duty service members, and the potential financial impact of the proposed exemption of veterans aged 65 and older from the annual County of Honolulu motor vehicle registration fee on City revenues.

Currently, pursuant to Section 249-31.5, Hawaiʻi Revised Statutes (HRS), veterans who are Hawaiʻi residents who have a 100% service-related disability rating qualify for an exemption from the $46 State annual vehicle registration fee. However, non-disabled veterans do not currently qualify for this exemption. There is no age threshold for these benefits—the key determinant is the veteran's disability rating. As of August 13, 2025, there were 25 disabled veterans on Oʻahu who claimed this exemption.

Additionally, pursuant to Section 249-6.5, HRS, members of the National Guard, military reserve, or armed service, including the Coast Guard, assigned to a unit in the State and who are in good standing are exempt from the vehicle weight tax. As of December 18, 2024, there were 54,606 active-duty service members stationed at a military installation on Oʻahu who are residents of another state, or spouses who claim the same legal residence

of a member of the U.S. Armed Forces on active duty on O'ahu who were exempted from payment of County of Honolulu and Hawai'i motor vehicle weight taxes, and certain other fees, for vehicles registered in their name. Specifically, county weight tax, state weight tax, state registration fee, highway beautification fee, and if applicable, the electric vehicle/ hybrid/alternative fuel vehicle fee, were all waived.

Based on available U.S. Census Data, approximately 64% of veterans in Hawai'i are aged 55 and older, which indicates a large portion of the veteran population could qualify for this exemption within the coming decade. Specifically, there are 46,326 veterans aged 65 and older in Hawai'i. If all of these veterans were to claim the proposed exemption, the potential financial impact to the City would be $926,520 annually.

Any reduction to revenue generation for the City will have a significant impact on its ability to fund programs that service all communities. We recognize that there are other groups that would like to receive exemptions to taxes and fees, and offering this benefit to just one group may result in a disadvantage to other residents.

To provide additional context, motor vehicle weight taxes and fees in the County of Honolulu are as follows:

Taxes Imposed on the Net Weight of Passenger and Commercial Vehicles

State tax rates are (HRS § 249-33):

- 1.75 cents per pound for all vehicles with a minimum charge of $3.00 per year up to 4,000 pounds.
- 2.00 cents per pound for all vehicles weighing 4,001 to 7,000 pounds.
- 2.25 cents per pound for all vehicles weighing 7,001 to 10,000 pounds.
- $300 flat rate for vehicles weighing over 10,000 pounds.

County of Honolulu vehicle weight taxes are additional (Rev. Ord. Honolulu § 15A-3.1):

- 7.00 cents per pound for passenger vehicles (including motorcycles).
- 7.50 cents per pound for trucks or commercial vehicles.

Other Standard Motor Vehicle Fees and Surcharges

• Annual State Registration Fee (HRS § 249-31)	$46.00
• Annual State Registration Surcharge for Electric Vehicles and Alternative Fuel Vehicles (Act 222 (SLH 2023))	$8 per 1,000 miles driven, but not more than $50 annually
• Annual County of Honolulu Registration Fee* (Rev. Ord. Honolulu § 15A-4.1(a))	$20.00*
• Highway Beautification Fee (Rev. Ord. Honolulu § 6-20.2)	$7.00
• Tag or Emblem Fee (if applicable) (Rev. Ord. Honolulu § 15A-4.1(b)(2))	$0.50
• New License Plate Fee (if applicable) (Rev. Ord. Honolulu § 15A-4.1(b)(1))	$5.00
• Vanity Plate Fee (if applicable) (HRS § 249-9.1)	$60.00
• Out-of-State Permit Fee (if applicable) (HRS § 286-54)	$5.00

The Department of Customer Services offers the above comments to provide context and information on the potential financial implications of the exemption to a broader group of veterans.

Thank you for the opportunity to submit testimony.

Sincerely,

Digitally signed by Hashiro, Kimberly
Date: 2025.08.18 10:00:05 -10'00'

Kimberly M. Hashiro
Director

APPROVED:

Michael D. Formby, Managing Director
Office of the Managing Director