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ECONOMIC DEVELOPMENT & TOURISM**

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Statement of  
**THEODORE E. LIU**  
Director  
Department of Business, Economic Development, and Tourism  
before the  
**HOUSE COMMITTEE ON  
ENERGY AND ENVIRONMENTAL PROTECTION**  
Tuesday, January 29 2008  
8:30 AM  
State Capitol, Conference Room 312

in consideration of  
**HB 2102**  
**RELATING TO ENVIRONMENTAL PROTECTION.**

Chair Morita, Vice Chair Carroll, and Members of the Committee.

The Department of Business, Economic Development, and Tourism (DBEDT) supports the concept behind HB2102. We defer to the Department of Health and the Department of Transportation on implementation.

HB2102 would, beginning on June 30, 2010, impose a fee or provide a rebate to purchasers of motor vehicles based on the projected motor vehicles' emissions. The maximum fee or rebate would be \$2,500; minimum fee or rebate would be \$100; and some vehicles (in the "zero band," or mid-range) would not be subject to fees or rebates. A special fund would be established and the Department of Health would administer the program. This type of program is sometimes referred to as a "feebate" program, since it assesses fees and provides rebates.<sup>1</sup> Most

<sup>1</sup> California: <http://www.arb.ca.gov/cc/ccms/ccms.htm>  
US EPA: <http://yosemite.epa.gov/gw/statepolicyactions.nsf/uniqueKeyLookup/MSTY5Q4LPY?OpenDocument>  
List of State Actions: <http://www.aceee.org/pubs/t051.htm>;  
Oak Ridge National Laboratory, Center for Transportation Analysis:

feebate analyses assume national implementation. There is concern about Federal preemption of State action in this area. This measure appears to be similar to a measure passed in California in 2002, Assembly Bill 1493, and regulations promulgated by the California Air Resources Board in 2004.

If the Committee chooses to move this measure forward, we would like to comment that the development of a baseline of Hawaii-specific vehicle purchase data and consumer sensitivity to vehicle price and fuel price would be helpful in order to estimate the pivot point, effectiveness, and impact of the program in Hawaii, as well as to update fuel demand projections.

Thank you for the opportunity to offer these comments.

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January 28, 2008

TO: Representative Hermina Morita  
Chair, Committee on Environmental Protection  
Hawaii State Capitol, Room 314  
Via Email: [EEPTestimony@Capitol.hawaii.gov](mailto:EEPTestimony@Capitol.hawaii.gov)

FROM: Christopher G. Pablo, Esq.

RE: H.B. No. 2102 – Relating to Environmental Protection  
Hearing: Tuesday, January 29, 2008 at 8:30 a.m.

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Dear Chair Morita and Members of the Committee on Environmental Protection

I am Christopher Pablo testifying on behalf of the Alliance of Automobile Manufacturers. The Alliance of Automobile Manufacturers (“Alliance”) is a trade association of 10 car and light truck manufacturers, including BMW Group, Chrysler LLC, Ford Motor Company, General Motors, Mazda, Mercedes Benz USA, Mitsubishi Motors, Porsche, Toyota and Volkswagen.

The Alliance is opposed to HB 2102. They have these concerns:

1. Incentives for the purchase of vehicles that emit lower greenhouse gases will have a positive impact on the environment. Therefore, we support the intent of this feature of HB 2102.
2. On the other hand, the Alliance is opposed to the surtax on motor vehicles that emit higher greenhouse gases:
  - a. **Punitive.** Applying a surtax is a punitive measure that does very little to address green house gas emissions.
    - i. The increased cost may put a burden on purchasers who must purchase such vehicles for work or to accommodate a larger family who must travel together in one vehicle.
    - ii. The surtax does not account for how a vehicle is used by an individual. For example, the purchaser of a high efficiency vehicle may drive 50 miles a day, thereby contributing more to

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greenhouse gas emissions than a person who purchases a low efficiency vehicle who only drives 10 miles a day.

- b. **Unintended consequences.** The surcharge may also have the unintended consequence of discouraging the purchase of newer, more fuel efficient, and environmentally friendly vehicles in favor of retaining older vehicles which may have higher greenhouse gas emissions.

It is for these reasons, the Alliance is opposed to HB 2102. We appreciate the opportunity to share our thoughts on HB 2102.

**HOUSE COMMITTEE ON  
ENERGY AND ENVIRONMENTAL PROTECTION**

January 29, 2008

House Bill 2102 Relating to Environmental Protection

Chair Morita and members of the House Committee on Energy and Environmental Protection, I am Rick Tsujimura, representing General Motors Corporation (GM). GM opposes House Bill 2102 Relating to Environmental Protection.

HB 2102 is an unfair tax on new vehicles (such as pick-up trucks, mini-vans, and SUVs) that will hurt hard working residents. This legislation would have a dramatic impact on consumers and businesses. Families, farmers and businesses who buy new minivans, pick-up trucks or SUVs would pay up to a \$2,500 tax. The tax would then be rebated to buyers of cars that government bureaucrats favor.

Proponents assume that all consumers would have a "choice" and under the program would choose to purchase smaller, more fuel efficient vehicles. Large families, construction workers, farmers and others that depend on larger vehicles for their livelihood do not have the luxury to choose smaller vehicles.

Generally, new vehicles are much cleaner and more efficient than older vehicles. This legislation will result in the unintended consequence of harming the environment by encouraging people to forego or delay their purchase of a new vehicle and hang onto their older, higher polluting, less fuel-efficient vehicles longer.

In addition, House Bill 2102 is unnecessary. Congress just passed and the President signed into law new nationwide fuel economy regulations (HR 6). The U.S. Department of Transportation will be proposing regulations to implement new requirements this spring requiring industry wide car and truck fleets to reach at least 35 mpg by 2020. This will be extremely challenging for the auto industry, and will result in a 30% reduction in greenhouse gas emissions.

Given the great economic uncertainties, slowing vehicle sales and high gas prices we now face, now is not the time to impose a new, significant tax on vehicles for consumers and businesses.

No other state has implemented a program such as proposed in House Bill 2102.

This legislation will have additional costs to taxpayers.

This will be a very complex process which must be updated regularly to determine which vehicles receive a surcharge and which would receive a rebate.

For these reasons we strongly recommend your Committee hold House Bill 2102. Thank you for the opportunity to present this testimony.

**Janice Lehner**

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**From:** Dave Rolf [drof@hawaiidealer.com]

**Sent:** Monday, January 28, 2008 8:42 AM

**To:** EEPtestimony

**Subject:** HADA Testimony regarding HB2102 Environmental Protection, Motor Vehicles, Greenhouse Gases

Testimony Opposed to HB2102  
Relating to Environmental Protection; Motor Vehicles; Greenhouse Gases  
Submitted to the House Committee on Energy and Environmental Protection  
At the public hearing 8:30 a.m. Tuesday January 29, 2008 in  
House Conference Room 312

Testimony submitted by David H. Rolf for The Hawaii Automobile Dealers Association  
Hawaii's franchised new car dealers

Chair Morita and members of the committee:

Last year I attended the National Automobile Dealers Association's annual conference on the mainland. I spoke with the General Motors engineers who told me: Did you know that GM is the way to zero gas consumption with vehicles that emit only water vapor?

The Alliance of Automobile Manufacturers reports that the GM, Ford, Chrysler and the 6 other brand automakers of light duty cars and trucks account for only a small fractional portion of the world greenhouse-gas emissions...only 1/8 (0.13) of 1%. Total global human activity, in all countries ...China, U.S., Britain, Russia, etc), for that matter, accounts for only 4% of greenhouse gases, according to the Alliance.

Hawaii's portion of greenhouse gas emissions from light vehicles is a small 0.000003. A BIGGER solution is needed.

Hawaii and the nation must embark on a "Manhattan Project" of energy research. Hawaii's Hoku Scientific has led in this key area.

HADA respectfully requests that you defer this measure until the consequences of taking the actions proposed in HB2102 can be fully addressed.

Hawaii's new car dealers agree with the legislature in the belief that climate change can pose a serious threat to the economic well-being of Hawaii.

Legislation in this critical area must be done with great care. But legislation that uses more disruptive methods that may be arbitrary to address climate change can pose just as serious a threat to Hawaii's economy as climate change itself.

HADA testimony on HB2102 page 2

The Association, while clearly supporting efforts to preserve our environment, asks that we weigh the impact on all concerned when any such restrictive legislation is considered.

The State's new car dealers are leaders in energy-saving building design. Joe Nicolai, a time Hawaii auto dealer has created a new Cycle City facility using photovoltaic cells for power generation, energy-efficient ice-chiller air-conditioning, and rain-water recycling machinery washing. His pioneering energy-efficient design has become the model for all new Harley-Davidson dealerships nationwide.

Indeed, Hawaii's drivers and auto dealers are learning a new vocabulary. Fuel cell. Hybrid. Electric. Clean diesel. Hydrogen. Alternative fuel vehicles. Cylinder deactivation. All of these terms are becoming more familiar as more of these ultra-clean and fuel-efficient autos take to the roadways in Hawaii.

HADA was an active participant in the interim's working group discussions on fuel-efficient transportation. We actively embraced the concept of Hawaii—the transportation paradise.

Our five suggestions for fuel-efficient transportation are now being considered. And we back each suggestion with data. There are good solutions. Market disruptive measures are considered among the good ones at this juncture.

HADA respectfully requests that you defer this measure until the consequences of taking actions can be fully addressed.

Respectfully submitted,  
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