

HB 1483

WRITTEN TESTIMONY

TESTIMONY BY GEORGINA K. KAWAMURA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON
HOUSE BILL NO. 1483, H.D. 1

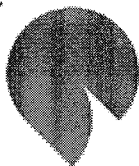
April 2, 2009

RELATING TO SPECIAL PURPOSE REVENUE BONDS FOR BETTER PLACE HAWAII,
INC.

House Bill No. 1483, H.D. 1, authorizes the issuance of up to \$45,000,000 in special purpose revenue bonds to assist Better Place Hawaii, Inc. in the planning, designing, constructing, and developing of transportation infrastructure, equipment, and apparatus to support electric vehicles in Hawaii pursuant to Part V, Chapter 39A, Hawaii Revised Statutes.

The Department has a technical comment on this bill. Under Section 144 of the Internal Revenue Code of 1986, as amended, tax exempt financing for industrial projects are limited to \$10 million. We recommend that the project party consult with a bond counsel firm to determine if the project may qualify, under certain exemptions, for the full amount of tax-exempt financing.

better place



BEFORE THE

SENATE COMMITTEE ON WAYS AND MEANS

Senator Donna Kim, Chair
Senator Shan Tsutsui, Vice Chair

**HB1483, HD1 RELATING TO SPECIAL PURPOSE REVENUE BONDS
FOR BETTER PLACE HAWAII, INC.**

Testimony of

BRIAN GOLDSTEIN

Better Place Hawaii
745 Fort Street, Suite 2100
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Thursday, April 2, 2009, 9:30 am
State Capitol, Room 211

Chair Kim:

My name is Brian Goldstein of Better Place Hawaii. Better Place Hawaii **SUPPORTS** HB1483, HD1 which authorizes the issuance of special purpose revenue bonds in the amount of \$45,000,000 to assist our company in the planning, designing, construction, and development of transportation infrastructure, equipment, and apparatus to support electric vehicles in Hawaii.

ABOUT BETTER PLACE HAWAII

Better Place Hawaii is a subsidiary operating company of Better Place LLC. Better Place is dedicated to achieving a world free of its dependence on oil. We coordinate with Hawaii utilities, automobile dealers, State and county governments and other stakeholders to deploy an electric vehicle charging network powered by renewable energy.

Better Place's revolutionary business model allows consumers to own and operate an electric vehicle that performs better than their current vehicle and does so at a lower cost. Consumers will subscribe to transportation as a service, much as they do today with mobile phones, buying miles instead of minutes. Auto companies will make the electric cars that plug in to the Better Place network of recharging stations and battery swap stations. Energy companies will provide the network's power through a growing number of renewable energy projects. Better Place will provide the batteries and recharging infrastructure needed to make owning an electric car affordable and convenient. Sophisticated software creates an experience equivalent to or better than their current vehicle.

HOW BETTER PLACE WORKS

Charging spots and exchange stations keep electric vehicles moving. An Electric Recharge Grid (ERG) is a network of charging spots and exchange stations that Better Place will implement on the islands of Oahu, Maui, Hawaii and Kauai. Through Better Place's subscription model, vehicle owners are linked into a network of charge spots and exchange stations. When a consumer parks their car (e.g. at home, work or the shopping mall), the network synchronizes the car with the smart electric grid to recharge the battery. When a driver travels a longer distance, the driver can swap batteries at an exchange station to get a fully charged battery in less time than it takes to stop and fill a tank with gas today. Because Better Place owns the batteries, it can extend the range of electric cars and lower the total cost of ownership.

In so doing, Better Place's subscription-based model reduces overall cost of driving. Better Place is a mobility service provider that has a subscription-based model that enables consumers to own electric cars for a fraction of the cost of comparable Internal Combustion Engine (ICE) cars. The model is similar to those seen in the mobile phone market, where wireless network operators offer customers subscription-pricing options and various models of mobile phones at significantly reduced rates. Batteries that power the cars are owned by and considered part of the Better Place network. This model dramatically alters the economics of electric car ownership for drivers while preserving the social contract drivers have with their cars. To match multiple customer segments, Better Place will offer several subscription pricing packages that will reduce total cost of car ownership.

STRONG FINANCIAL BASE

Better Place is well funded and financially prepared to develop a comprehensive EV charging system in Hawaii. Better Place LLC was founded with a \$200 million first round of funding in October 2007. In October 2008, Better Place Australia announced that the global investment bank Macquarie Capital Group agreed to raise \$1 billion (AUD). In January 2009, Better Place Denmark announced an investment of €100 million (\$130 million USD) and an infrastructure development agreement with the Danish power company.

With such financial backing, Better Place is confident it can raise additional funds offered through the State's special purpose revenue bond to develop an EV charging infrastructure required to transform Hawaii's transportation system.

OUR PLANS IN HAWAII

Better Place Hawaii plans to develop an EV charging network on Oahu, Maui and Hawaii in close succession, with Oahu being the main hub of its transportation network. We are also working closely with Kauai to ensure that it deploys in a similar timeframe by developing strong deployment partners and ensuring availability of renewable energy. It is anticipated that initial testing of electric vehicles will take place starting in late 2009, or the early part of 2010. Large-scale commercial availability of EVs are expected starting in late 2011.

During that period, Better Place will work aggressively to develop an EV charging system to support about 10,000+ electric vehicles in Hawaii by the year 2014. It is anticipated that between 20,000 to 30,000 charging systems in homes, office buildings, parking lots, and public and private facilities will be required to support that number of electric vehicles. It is also anticipated that 200+ will be created in Hawaii. We expect that it will take several hundred million dollars to build out its network in the State.

To date, Better Place has aggressively worked with key business, labor, community and government leaders to educate and promote the adoption of EVs. In particular, Better Place executives have held statewide meetings with community leaders; met with lawmakers and policy-makers; and are seeking to promote policy and government reform measures to needed to ensure the rapid penetration of EVs in Hawaii. Later this year, we will begin the planning and design phases of Better Place's EV charging system to meet the anticipated 2,500+ electric cars in the transportation market by 2012. By then, about 5,000 to 10,000 charging stations will be required to support those vehicles.

HOW WE PLAN TO USE THE SPRB

Funds raised from the SPRB will be used for planning, designing, construction, and development of transportation infrastructure, equipment, and apparatus to support electric vehicles in Hawaii. In particular, monies will be used to install EV charging stations in homes, public and private parking lots, government facilities and shopping malls throughout the state. Better Place also plans to work with commercial landlords, apartment owners, and condominium associations in installing charge spots in their parking garages.

Thank you for the opportunity to testify in **SUPPORT** of HB1483, HD1.