



**SENATE COMMITTEE ON WAYS AND MEANS**

February 22, 2010, 10:10 A.M.

Room 211

**(Testimony is 1 page long)**

**TESTIMONY IN SUPPORT OF SB 2231, PROPOSED AMENDMENT**

Chair Kim and members of the Committee:

The Blue Planet Foundation supports Senate Bill 2231, a measure to provide a 10-year general excise tax exemption for electric vehicle charge points. Electric vehicles not only provide clean, quiet mobility solutions to Hawai'i residents and visitors, but they can provide on-grid electricity storage for intermittent renewable energy sources. Blue Planet believes that this measure should be expanded to also provide a \$1500 tax credit (or rebate) for the installation of new publicly-available electric vehicle charge spots.

Electric vehicles (EV) will play a large role in Hawaii's clean energy future. By using stored electrical energy, EVs can take advantage of intermittent solar, wind, and other clean energy resources. Most vehicles sit idle 22+ hours of the day, so they become de facto energy storage devices if their batteries are plugged into the grid when they are not in use. With smart grid infrastructure in place, EVs become an essential component to electricity load and clean energy resource balancing—in addition to providing clean mobility solutions for Hawai'i residents and visitors.

The availability of charging stations will be a key driver for EV use in Hawaii. Without widespread availability of EV charging infrastructure throughout the state, it is highly unlikely that there will be widespread adoption and use of EVs in Hawai'i. While this policy proposes to facilitate early development of both public and private EV charging infrastructure in Hawai'i by providing a GET exemption, Blue Planet believes it would be more effective to extend a \$1500 tax credit or rebate for new charge spots installed in Hawai'i.

Thank you for the opportunity to testify.

**Jeff Mikulina, executive director • [jeff@blueplanetfoundation.org](mailto:jeff@blueplanetfoundation.org)**

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Comments before the Senate Committee on  
Ways and Means

S.B. 2231, Relating to Electric Vehicles

Monday, February 22, 2010  
10:10 a.m., Conference Room 211

By Carlos Perez Loriga  
Director  
Customer Technology Applications Division  
Hawaiian Electric Company, Inc.

Chair Kim, Vice Chair Tsutsui and members of the Committee:

My name is Carlos Perez Loriga and I am submitting the following comments on behalf of Hawaiian Electric Company, Inc., and its subsidiary utilities, Maui Electric Company, Ltd., and Hawaii Electric Light Company, Inc.

S. B. 2231 exempts from the general excise tax the sale or lease of electric vehicles and electric vehicle charging systems that are purchased or placed in service after July 1, 2010, and before January 1, 2020.

While sensitive to the financial challenges that the State is currently facing, Hawaiian Electric Company strongly supports S.B. 2231, to promote the increased use of electric and plug-in hybrid electric automobiles. Increased consumer acceptance of these types of vehicles will aid in the reduction of greenhouse emissions and fossil fuel use and will help enable the Hawaii Clean Energy Initiative's goal of 70% clean, renewable energy by 2030.

Thank you for the opportunity to comment.

Written Statement of  
**YUKA NAGASHIMA**  
**Executive Director & CEO**  
High Technology Development Corporation  
before the  
**SENATE COMMITTEE ON WAYS AND MEANS**  
Monday, February 22, 2010  
10:10 AM  
State Capitol, Conference Room 211

In consideration of  
**SB 2231 RELATING TO ELECTRIC VEHICLES.**

Chair Mercado Kim, Vice Chair Tsutsui, and Members of the Senate Ways and Means.

The High Technology Development Corporation (HTDC) supports SB2231 because it encourages activities that contribute to the goals of the Hawaii Clean Energy Initiative.

Thank you for the opportunity to submit testimony in support.

# TAXBILLSERVICE

126 Queen Street, Suite 304

TAX FOUNDATION OF HAWAII

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: GENERAL EXCISE, Exempt electric vehicles and electric vehicle charging systems

BILL NUMBER: SB 2231

INTRODUCED BY: Gabbard, Espero, Hooser, and 4 Democrats

BRIEF SUMMARY: Adds a new section to HRS chapter 237 to exempt from the general excise tax, the gross proceeds arising from the sale or lease of electric vehicles and electric vehicle charging systems purchased and placed in service after July 1, 2010 and before January 1, 2020.

Defines “electric vehicle” as a motor vehicle, including a plug-in hybrid: (1) which draws propulsion using a traction battery with at least four kilowatt hours of capacity; (2) which uses an off-board source of energy to recharge the battery; (3) the original use of which commences with the taxpayer; and (4) which is acquired for use or lease by the taxpayer and not for resale. Further defines “electric vehicle charge point” and “electric vehicle charging system” for purposes of the measure.

This act shall be repealed on January 1, 2020 and HRS section 237-1 shall be reenacted in the form in which it read on the day before the effective date of this act.

EFFECTIVE DATE: July 1, 2010

STAFF COMMENTS: This measure proposes to encourage the deployment of electric vehicles and electric vehicle charging systems by exempting such vehicles and vehicle charging systems from the general excise tax. While it appears that this measure is proposed to encourage the use of electric vehicles and development of charging infrastructure, it is questionable whether a tax credit is necessary. While the trend is to move toward non-fossil fuel vehicles, such as electric vehicles and non-gasoline vehicles, such infrastructure would become necessary to recharge and refuel these vehicles so such development will occur regardless of the credit. While the measure exempts from the general excise tax the purchase of electric vehicles, the exemption is only applicable to an electric vehicle that “uses an off-board source of energy to recharge the battery.” By this definition the exemption does not include current hybrid vehicles that charge the battery as the vehicle is driven.

In addition, the adoption of this measure would merely result in a handout of state funds with out regard to a taxpayer’s need for tax relief, the proposed measure would result in fewer tax dollars that the state sorely needs at this point. On the other hand, perhaps all proposals suggesting tax expenditures, such as this proposal forwards, should be accompanied with a recommendation for an equal reduction in state spending to compensate for the lost revenues. It is incredulous that lawmakers would propose a further reduction in general fund tax collections like this while on the other hand entertain the possibility of raising taxes on all other taxpayers. There is certainly a disconnect with what is being proposed and the reality of the state’s fiscal crisis.

Because the proposed incentives are nothing more than a subsidy of these vehicles or charging stations, the cost of the exemption steals from funds that could have been used for many other worthy programs. Such proposals reflect a lack of understanding of the gravity of the fiscal situation that the state is facing.

Finally, it should be remembered that while it may seem like this proposal is reducing the cost of such vehicles and facilities, the general excise tax is not a tax on the consumer but on the business for the privilege of doing business in the state. Thus, an exemption like this for only businesses that sell these types of products will allow these select businesses an exemption from the tax while those who sell similar vehicles or systems that may provide similar alternative fueling systems would not be entitled to the same tax treatment. Again, it should be noted that the tax system is not meant to be a mechanism to influence human behavior, but in the very least it should treat all taxpayers similarly situated in the same manner. This measure deviates from good tax policy.

Digested 1/27/10