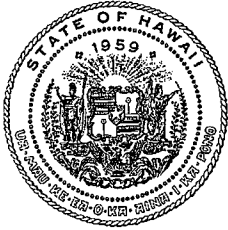


SB 552



**DEPARTMENT OF BUSINESS,  
ECONOMIC DEVELOPMENT & TOURISM**

LINDA LINGLE  
GOVERNOR  
THEODORE E. LIU  
DIRECTOR  
MARK K. ANDERSON  
DEPUTY DIRECTOR

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813  
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804  
Web site: www.hawaii.gov/dbedt

Telephone: (808) 586-2355  
Fax: (808) 586-2377

Statement of  
**THEODORE E. LIU**  
Director

Department of Business, Economic Development, and Tourism  
before the

**SENATE COMMITTEE ON TRANSPORTATION, INTERNATIONAL AND  
INTERGOVERNMENTAL AFFAIRS**

Wednesday, February 25, 2009

1:45 PM

State Capitol, Conference Room 224

in consideration of

**SB 552**

**RELATING TO ENERGY-EFFICIENT VEHICLES.**

Chair English, Vice Chair Gabbard, and Members of the Committee.

The Department of Business, Economic Development, and Tourism (DBEDT) offers comments on SB 552, which would change the requirements for State agency motor vehicles. The current vehicle list is available at <http://hawaii.gov/dbedt/info/energy/efficiency/state/2009-FFV-HEV-FEV.pdf>. Selected fuel economy requirements by class are provided below:

**Model Year 2009 Minimum Required Fuel Economy**  
for a vehicle to be eligible for designation as  
"in the top one-fifth of the most energy-efficient vehicles in its class"

CLASS	MINIMUM	MINIMUM	MINIMUM	FUEL COST	FUEL COST
	CITY	HWY	COMBINED	PER YEAR	PER
	MPG	MPG	MPG	(10,000 mi/yr)*	100,000 mi*
SUBCOMPACT CAR	23	32	26.3	\$ 1,170.97	\$ 11,709.65
COMPACT CAR	22	30	25.0	\$ 1,233.39	\$ 12,333.89
MIDSIZE CAR	22	32	25.6	\$ 1,204.48	\$ 12,044.81
LARGE CAR	18	26	20.9	\$ 1,475.85	\$ 14,758.50
SMALL STATION WAGON	23	30	25.7	\$ 1,199.87	\$ 11,998.73
MIDSIZE STATION WAGON	20	27	22.6	\$ 1,361.87	\$ 13,618.67
STANDARD PICKUP TRUCK 2WD	15	20	16.9	\$ 1,824.39	\$ 18,243.88
STANDARD PICKUP TRUCK 4WD	14	20	16.2	\$ 1,905.15	\$ 19,051.45
MINIVAN - 2WD	17	25	19.9	\$ 1,552.62	\$ 15,526.19
S.U.V. - 2WD	20	25	22.0	\$ 1,402.98	\$ 14,029.80

The proposed change to the statute does not differentiate between fuels, and could have the unintended consequence of discriminating against non-petroleum fuels, which generally have lower energy content per gallon but may have higher efficiency per unit of energy content. The units used to describe the energy content of fuels are British Thermal Units (BTU) or calories. A gallon is not a measure of energy content.

Also, the proposed change to the statute does not indicate how or if electric vehicles would be able to comply.

We recommend that the bill be revised to include vehicles capable of operating on non-petroleum energy sources, or the most efficient vehicles in each class, unless the agency can show that those vehicles do not meet the needs of the agency. This approach ensures that agencies will be kept up to date on available vehicle technologies, yet provides them with flexibility to comply with Federal alternative fuel vehicle requirements and to meet their operational needs and budgetary constraints.

Our suggested language is attached.

Thank you for the opportunity to offer these comments.

### SUGGESTED LANGUAGE

Section 103D-412, Hawaii Revised Statutes, is amended to read as follows:

"§103D-412 ~~[Energy-efficient vehicles.]~~ Light duty motor vehicle requirements. (a) The procurement policy for all agencies purchasing or leasing light duty motor vehicles shall be to ~~[obtain energy-efficient vehicles. All covered fleets are directed to procure increasing percentages of energy-efficient vehicles as part of their annual vehicle acquisition plans, which shall be as follows:]~~

- ~~(1) In the fiscal year beginning July 1, 2006, at least twenty per cent of newly purchased light duty vehicles acquired by each covered fleet shall be energy efficient vehicles;~~
- ~~(2) In the fiscal year beginning July 1, 2007, at least thirty per cent of newly purchased light duty vehicles acquired by each covered fleet shall be energy efficient vehicles;~~
- ~~(3) In the fiscal year beginning July 1, 2008, at least forty per cent of newly purchased light duty vehicles acquired by each covered fleet shall be energy efficient vehicles; and~~
- ~~(4) For each subsequent fiscal year, the percentage of energy efficient vehicles newly purchased shall be five percentage points higher than the previous year, until at least seventy five per cent of each covered fleet's newly purchased, light duty vehicles are energy efficient vehicles.]~~

reduce dependence on petroleum for transportation energy.

(b) Beginning January 1, 2010, all state and county entities, when purchasing new vehicles, shall seek vehicles with reduced dependence on petroleum-based fuels, provided that such vehicles meet the needs of the agency. Priority for selecting vehicles shall be as follows:

- (1) Electric or plug-in hybrid electric vehicles;
- (2) Hydrogen or fuel cell vehicles;
- (3) Other alternative fuel vehicles;
- (4) Hybrid electric vehicles; or
- (5) Vehicles that are identified by the United States Environmental Protection Agency in its annual "Fuel Economy Leaders" report as being among the top performers for fuel economy in their class.

~~[-b-]~~ (c) For the purposes of this section:

"Agency" means a state agency, office, or department.

"Alternative fuel" [~~has the same meaning as contained in 10 Code of Federal Regulations Part 490~~] means alcohol fuels; mixtures containing eighty-five per cent or more by volume of alcohols with gasoline or other fuels; natural gas; liquefied petroleum gas; hydrogen; biodiesel; mixtures containing twenty per cent or more by volume of biodiesel with diesel or other fuels; other fuels derived from biological materials; and electricity provided by off-board energy sources.

"Covered fleet" has the same meaning as contained in 10 Code of Federal Regulations Part 490 Subpart C.

~~["Energy efficient vehicle" means a vehicle that:~~

- ~~(1) Is capable of using an alternative fuel;~~
- ~~(2) Is powered primarily through the use of an electric battery or battery pack that stores energy produced by an electric motor through regenerative braking to assist in vehicle operation;~~
- ~~(3) Is propelled by power derived from one or more cells converting chemical energy directly into electricity by combining oxygen with hydrogen fuel that is stored on board the vehicle in any form;~~
- ~~(4) Draws propulsion energy from onboard sources of stored energy generated from an internal combustion or heat engine using combustible fuel and a rechargeable energy storage system; or~~
- ~~(5) Is on the list of "Most Energy Efficient Vehicles" in its class or is in the top one-fifth of the most energy-efficient vehicles in its class available in Hawaii as shown by vehicle fuel efficiency lists, rankings, or reports maintained by the United States Environmental Protection Agency.]~~

"Excluded vehicles" has the same meaning as provided in 10 Code of Federal Regulations Section 490.3.

~~["Light duty vehicle"]~~ "Light duty motor vehicle" has the same meaning as contained in 10 Code of Federal Regulations Part

490. It does not include any vehicle incapable of traveling on highways or any vehicle with a gross vehicle weight rating greater than 8,500 pounds.

~~[(c) Agencies may offset energy efficient vehicle purchase requirements by successfully demonstrating percentage improvements in overall light duty vehicle fleet mileage economy. The offsets shall be measured against the fleet average miles per gallon of petroleum based gasoline and diesel fuel, using the fiscal year beginning July 1, 2006, as a baseline, on a percentage by percentage basis.]~~

~~(d) Agencies that use biodiesel fuel may offset the vehicle purchase requirements of this section at the rate of one vehicle for each four hundred fifty gallons of neat biodiesel fuel used. Neat biodiesel fuel is one hundred per cent biodiesel (B100) by volume.]~~

~~[(e)]~~ (d) Agencies may apply to the chief procurement officer for exemptions from the requirements of this section to the extent that the vehicles required by this section are not available or do not meet the specific needs of the agency[-]; provided that life cycle vehicle and fuel costs may be included in the determination of whether a particular vehicle meets the needs of the agency. Estimates of future fuel prices shall be based on projections from the United States Energy Information Administration.

~~[(f)]~~ (d) Vehicles acquired from another state agency and excluded vehicles are exempt from the requirements of this section.

~~[(g)]~~ (e) Nothing in this section is intended to interfere with ~~[an agency's]~~ the ability of a covered fleet to comply with [federally imposed] the vehicle purchase mandates [such as those] required by 10 Code of Federal Regulations Part 490 Subpart C."



# Sierra Club Hawai'i Chapter

PO Box 2577, Honolulu, HI 96803  
808.537.9019 hawaii.chapter@sierraclub.org

## SENATE COMMITTEE ON TRANSPORTATION, INTERNATIONAL AND INTERGOVERNMENTAL AFFAIRS

February 25, 2009, 1:45 P.M.

*(Testimony is 2 pages long)*

### TESTIMONY IN SUPPORT, WITH AMENDMENTS, OF SB 552

Chair English and members of the Committee:

The Sierra Club, Hawai'i Chapter, with 5500 dues paying members statewide, *supports* an amended version SB 552, providing that all newly purchased or light-duty vehicles must have a target fuel efficiency.

Hawai'i is the most dependent state in the nation on imported oil. Some 50 million barrels are imported annually, nearly 80% of which originate from foreign sources. In addition, over 805,000 tons of coal are imported into our state. These sources provide power for over 92% of Hawaii's electricity generation. The combustion of these resources also contributes over 23 million tons of climate changing greenhouse gas into our atmosphere annually.

Hawaii's economic, environmental, and energy security demand that we reduce the amount of fossil fuel imported and consumed in Hawaii. The State should lead by example in this effort. To this end, the Sierra Club suggests amending SB 552 to include the language stated in HB 1466 in Section 7. Specifically, the State should purchase light vehicles in the following priority:

- (1) Electric or plug-in hybrid electric vehicles;
- (2) Hydrogen or fuel cell vehicles;
- (3) Flexible fuel vehicles;
- (4) Hybrid electric vehicles; or
- (5) Vehicles that are identified by the United States Environmental Protection Agency in its annual "Fuel Economy Leaders" report as being among the top performers for fuel economy in their class.

18 miles per gallon, as currently specified, is far too low. In 2007, the CAFE standards required fuel efficiency standards of 27.5 miles per gallon for passenger cars

and 22.2 for all light trucks. The Energy Independence and Security Act of 2007 requires fuel efficiency to reach 35 mpg in 2020 for the *total* fleet of passenger and non-passenger automobiles. It seems odd, particularly considering the particular geographical importance of reducing fossil fuel dependence in Hawai`i, that we consider adopting standards that are far lower than the national standards.

If the State is going to lead, it should commit to bold leadership. Thank you for this opportunity to provide testimony.