



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

NEIL ABERCROMBIE
GOVERNOR

RICHARD C. LIM
DIRECTOR

MARY ALICE EVANS
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
RICHARD C. LIM
Director

Department of Business, Economic Development, and Tourism
before the
HOUSE COMMITTEE ON TRANSPORTATION

Wednesday, March 12, 2014
10:30 a.m.

State Capitol, Conference Room 309

in consideration of
SB 2324, SD2
RELATING TO ELECTRIC VEHICLES.

Chair Yamane, Vice Chair Takayama, and Members of the Committee.

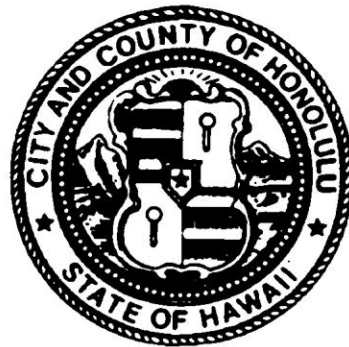
The Department of Business, Economic Development, and Tourism (DBEDT) offers comments on SB 2324, SD2, which would impose an annual user fee (amount to be determined) on all Hawaii State licensed electric vehicles (EVs) that would be distributed to State highway fund.

DBEDT recognizes the interest in generating more revenues for the State Highway fund. However, any proposed fee would generate a modest amount for the State highway fund given the limited number of EVs registered in Hawaii (2,125 EVs as of December 2013) as compared to the \$158 million collected in gasoline related taxes. Furthermore, given that EVs are still early market entrants (representing 0.19% of all registered vehicles in Hawaii as of December 2013) and their strong potential in helping the State meet our clean energy objectives, it may not be in the State's best interest to adopt an EV user fee at this time. DBEDT cautions the State Legislature against taking any actions that may suggest Hawaii is wavering from its commitment to the greater adoption of EVs.

Thank you for the opportunity to provide these comments.

DEPARTMENT OF CUSTOMER SERVICES
CITY AND COUNTY OF HONOLULU
DIVISION OF MOTOR VEHICLE, LICENSING AND PERMITS
ADMINISTRATION
P.O. BOX 30300
HONOLULU, HAWAII 96820-0300

KIRK CALDWELL
MAYOR



SHERI T. KAJIWARA
DIRECTOR

PRESTON P. H. K. KO
ACTING LICENSING ADMINISTRATOR

TESTIMONY OF PRESTON KO, ACTING LICENSING ADMINISTRATOR
CITY AND COUNTY OF HONOLULU, DEPARTMENT OF CUSTOMER SERVICES
Wednesday, March 12, 2014, 10:30 a.m., Conference Room 309

SENATE Bill 2324 SD2, "RELATING TO ELECTRIC VEHICLES"

Position: Oppose

TO: The Honorable Ryan I. Yamane, Chair
and Members of the Committee on Transportation

The City and County of Honolulu is opposed to S.B. No. 2324 SD2, as currently drafted.

As stated in the committee report, the reduction of fuel taxes affects both the state and county revenues required for funding the repair and maintenance of state and county roadways. We recommend that the original fifty percent allocation of the fee between the state and counties highway funds as drafted in Section 2 subsection (c), Lines 14 – 22, S.B. No 2324, be reinstated.

The cost to program our Motor Vehicle Registration computer system to incorporate the electric vehicle user fee in the registration calculation, displaying this fee on the registration renewal form and reporting the revenue collected to the State Department of Transportation is approximately \$3,000. We recommend that the bill be amended to require the State Department of Transportation to pay for the state's prorated cost, as determined by the Director of Transportation, to implement this program.

Finally, we recommend an effective date of no earlier than November 1, 2014 to allow current computer programs to be modified.

Sincerely,

A handwritten signature in black ink, appearing to read "Preston P. H. K. Ko", written over a large, stylized circular flourish.

Preston P. H. K. Ko
Acting Licensing Administrator

**Testimony of
Gary M. Slovin / Mihoko E. Ito
on behalf of
The Alliance of Automobile Manufacturers**

DATE: March 11, 2014

TO: Representative Ryan Yamane
Chair, Committee on Transportation
Submitted Via TRNtestimony@capitol.hawaii.gov

RE: **S.B. 2324 S.D. 2 – Relating to Electric Vehicles**
Hearing Date: Wednesday, March 12, 2014 at 10:30 am
Conference Room: 309

Dear Chair Yamane and Members of the Committee on Transportation,

On behalf of the Alliance of Automobile Manufacturers (“Alliance”) we submit testimony regarding S.B. 2324 S.D. 2.

The Alliance is a trade association of twelve car and light truck manufacturers including BMW Group, Chrysler Group LLC, Ford Motor Company, General Motors Company, Jaguar Land Rover, Mazda, Mercedes-Benz USA, Mitsubishi Motors, Porsche, Toyota, Volkswagen Group of North America, and Volvo.

While the Alliance supports the evaluation of transportation infrastructure funding, we feel this complex issue should be treated as part of a complete review. Treating one part of the issue is not the preferred way to address what we do know is a real issue for Hawaii and nearly all states. Our particular concerns with this bill are as follows:

1. The bill targets environmentally friendly cars with an extra fee - we feel this is counterproductive to clean air goals.
2. Electric vehicles are more expensive than traditional powered vehicles. The new fee would add to the cost of owning an electric vehicle, creating a disincentive.
3. The amount of gas tax revenue lost by the small number of EVs sold is negligible. We feel that is not worth creating a disincentive to buy clean cars.

Gary M. Slovin
Mihoko E. Ito
Tiffany N. Yajima
Jennifer C. Taylor

1099 Alakea Street, Suite 1400
Honolulu, HI 96813
(808) 539-0840

4. Light duty vehicles do virtually no damage to roads. The damage is done primarily by heavy-duty trucks and weather conditions that alternate between freezing and slightly above freezing. Obviously, Hawaii does not have that weather causation. Therefore, the damage is done by heavy-duty vehicles.
5. EVs are generally smaller vehicles than the typical conventional car – A Chevy Spark or a Nissan Leaf is much smaller than an SUV or a full-size car.
6. EVs do not weigh significantly more than conventional vehicles. For example,
 - a. Ford Focus EV - 23% more (3691 vs. 3000),
 - b. Toyota RAV 4 EV – 20% more (4032 vs. 3345)
 - c. Chevy Spark EV – 31% more (2989 vs. 2269)

Thank you for the opportunity to submit testimony on this bill.

TAXBILLSERVICE

126 Queen Street, Suite 304

TAX FOUNDATION OF HAWAII

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: MOTOR VEHICLE, Electric vehicle user fee

BILL NUMBER: SB 2324, SD-2

INTRODUCED BY: Senate Committee on Ways and Means

EXECUTIVE SUMMARY: Establishes an electric vehicle user fee of \$___ annually which shall be deposited into the state highway fund. The measure states that the proposed fee is an interim solution until a suitable mechanism can be implemented, but once a fee or tax is adopted, it is difficult to repeal; and it can be expected to increase in subsequent years.

BRIEF SUMMARY: Adds a new section to HRS chapter 249 to provide for the imposition of an electric vehicle user fee of \$___ annually which shall be due and payable at the same time and collected with all other state and county motor vehicle fees.

The fee shall be collected by the counties and 100% of the fee shall be deposited into the state highway fund.

Defines “electric vehicle” the same as in HRS section 291-71.

EFFECTIVE DATE: July 1, 2050

STAFF COMMENTS: This measure proposes to impose an annual electric vehicle fee (of \$60 in the bill as introduced) in recognition that such vehicles do not pay as much in state and county fuel taxes as vehicles running on fossil fuels. As proposed, it would appear that this fee would only apply to those electric vehicles that need to be plugged in to charge their batteries and is not applicable to hybrid electric vehicles under the definition in HRS section 291-71. While the measure states that the proposed fee is an interim solution until a suitable mechanism can be implemented, it should be remembered that once a fee or tax is adopted, it is difficult to repeal; once it makes its way in the door, it can be expected to increase in subsequent years. In addition, while this fee is aimed at all electric vehicles, it may open the door for similar fees on other motor vehicles such as those powered by hydrogen.

Digested 3/10/14

takayama2 -Brandon

From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 10, 2014 9:59 PM
To: TRNtestimony
Cc: gmtom1@gmail.com
Subject: Submitted testimony for SB2324 on Mar 12, 2014 10:30AM

SB2324

Submitted on: 3/10/2014

Testimony for TRN on Mar 12, 2014 10:30AM in Conference Room 309

Submitted By	Organization	Testifier Position	Present at Hearing
G Tom	Individual	Oppose	No

Comments: I OPPOSE this measure. As the owner of an all-electric vehicle (EV), I fully support the concept that EVs should also contribute taxes to support the maintenance and repair of the roads we share with gasoline vehicles. However, the arbitrary and unfair nature of the proposed flat fee does not meet this requirement. Further, the total fees raised through this measure would not even offset the additional incremental cost the state and counties would incur to implement and enforce this measure. Further study and consideration is warranted before any fee should be implemented.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov

takayama2 -Brandon

From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 10, 2014 3:14 PM
To: TRNtestimony
Cc: nanimac@gmail.com
Subject: Submitted testimony for SB2324 on Mar 12, 2014 10:30AM

SB2324

Submitted on: 3/10/2014

Testimony for TRN on Mar 12, 2014 10:30AM in Conference Room 309

Submitted By	Organization	Testifier Position	Present at Hearing
Nanette Vinton	Individual	Oppose	No

Comments: At this time, I don't believe that the market share of EVs is significant enough to warrant such a fee. I think that it is counterproductive for the State to promote green initiatives for increasing EVs and then turn around and target EV owners with additional fees. As a commuter from Central Oahu to town, one of the benefits of an EV is the reduced travel costs from not having to pay for gas. This annual fee will cut into those cost savings. While I believe EVs should pay for their share of road maintenance, I don't think the timing is right or that the fees will be significant enough to make difference right now.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov

NEIL ABERCROMBIE
GOVERNOR



Testimony of
GLENN M. OKIMOTO
DIRECTOR

Deputy Directors
FORD N. FUCHIGAMI
RANDY GRUNE
AUDREY HIDANO
JADINE URASAKI

IN REPLY REFER TO:

LATE

STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097

March 12, 2014
10:30 a.m.
State Capitol, Room 309

**S.B. 2324, S.D.2
RELATING TO ELECTRIC VEHICLES**

House Committee on Transportation

The Department of Transportation **supports** this bill which will establish an annual electric vehicle user fee of which one hundred per cent of the moneys collected shall be deposited into the state highway fund.

The owners of electric vehicles pay substantially less in taxes than other owners of conventional vehicles that need to purchase liquid fuel for their vehicles. The purchase of fuel includes fuel taxes which is a major source of revenue for the state highway fund accounting for over one third of the total revenues. Fuel tax collections are declining because of cars that burn little or no fuel at all. The fuel tax revenues are required for the state highway fund to support the operations, maintenance and construction of our highways.

It is important that all users including owners of electric vehicles that are driven on the state highways contribute their share of revenues to support the needs of the state highway fund. Electric vehicles inflict wear and tear on the roads but don't use any fuel and therefore do not incur any fuel taxes. The proposed annual electric vehicle user fee will provide additional revenues for the state highway fund and help to fill the widening gap between the state's transportation needs and the revenue collections needed to pay for them.

Thank you for the opportunity to provide testimony.



LATE

HOUSE COMMITTEE ON TRANSPORTATION

March 12, 2014, 10:30 A.M.

Room 309

(Testimony is 2 pages long)

TESTIMONY IN OPPOSITION TO SB 2324 SD2

Chair Yamane, Vice-Chair Takayama, and members of the Committee on Transportation:

The Blue Planet Foundation opposes SB 2324 SD2, which would impose a fee on electric vehicles (EVs) in Hawai'i. Imposing a fee on EVs would be inefficient and ineffective policy at this time, for three reasons.

First, the EV market is a nascent industry in Hawaii, currently representing less than 0.2% of registered vehicles. Imposing a fee will not meaningfully contribute to the goal of raising funds to repair and maintain state and county roadways, during the interim period before the liquid fuel tax is replaced by a vehicle mile tax or other solution.

Second, the State has a substantial interest in *promoting* the nascent EV market, rather than imposing a disincentive against EV adoption. EVs are more efficient than gasoline vehicles, and the electricity used to power EVs can be generated by local renewable resources. For each gallon of gasoline burned in Hawaii, a vehicle travels approximately 21 miles.¹ Even with an electrical system that relies largely on oil, the electricity generated when each gallon of oil is burned can drive an EV for more than 65 miles.² This means less carbon pollution and fewer dollars sent out of the state to pay for imported fossil fuels. Instead, those dollars stay in Hawaii, circulating through our economy to create jobs and increase tax revenue. Some early EVs on the road today were supported by State incentives for EVs. It would be neither fair nor efficient to erode that incentive by now imposing a fee on EVs.

Third, as the share of electricity generated from renewable energy grows, EVs will generate ever-larger benefits for the state. In a virtuous cycle, the more EVs deployed in the state, the more these "rolling batteries" can help to lower overall energy costs by supporting the grid and accelerating the replacement of expensive fossil fuels with cost-effective renewable energy. SB 2324 SD2 states that it is predicated on an assumption that EVs are not "paying their fair share." This statement imposes a narrow view on the costs and benefits of EVs. While annual gasoline

¹ Data from the State of Hawaii Data Book, tables on fuel consumption and vehicle miles travelled.

² Date from the Department of Business, Economic Development & Tourism, Monthly Energy Trends.

taxes are measured on the order of \$100 million, the cost of importing fossil fuels is more than \$5 billion. Thus, on balance, the power of EVs to contribute to a modern electric grid means that EVs have the power to catalyze energy savings far in excess of their “fair share” of gasoline taxes.

EVs are an integral part of our clean energy mix, and we ask that the Committee defer this measure in the interest of maintaining the State’s commitment to a clean energy future.

Thank you for the opportunity to testify.

takayama2 -Brandon

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, March 11, 2014 12:04 PM
To: TRNtestimony
Cc: drtko147@gmail.com
Subject: Submitted testimony for SB2324 on Mar 12, 2014 10:30AM



SB2324

Submitted on: 3/11/2014

Testimony for TRN on Mar 12, 2014 10:30AM in Conference Room 309

Submitted By	Organization	Testifier Position	Present at Hearing
Timothy Kim	Individual	Oppose	No

Comments: I am currently a Tesla Model S owner. I am opposed to this bill as I already pay quite a bit for registration for the vehicle. My understanding is that part of the registration fee goes to highway improvements. I do not want to be penalized for my choice in being environmentally responsible in reducing my carbon footprint.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov

To:
COMMITTEE ON TRANSPORTATION
Rep. Ryan I. Yamane, Chair
Rep. Gregg Takayama, Vice Chair



SB 2324, SD2 (SSCR2624)

NOTICE OF HEARING

DATE: Wednesday, March 12, 2014

TIME: 10:30 a.m.

PLACE: Conference Room 309, State Capitol, 415 South Beretania Street

Testifier(s): Anna E. Weihl, MSW Student at the University of Hawai'i

Chair Yamane and Vice Chair Takayama,

I strongly oppose this bill.

SB 2324 SD1, imposes a \$60 annual user fee on all Hawaii State licensed electric vehicles (EVs) that would be distributed to State highway fund. While I strongly supports the evaluation of transportation infrastructure funding, I feel this multifaceted issue defeats the purpose of encouraging consumers to purchase environmentally friendly vehicles. Electric vehicles are more expensive than traditional powered vehicles and the new fee would add to the cost of owning an electric vehicle, creating a disincentive. I feel this bill would be counterproductive to Hawaii's clean air goals.

I respectfully ask the Committee to oppose this bill.