



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

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Statement of  
**RICHARD C. LIM**  
Director

Department of Business, Economic Development, and Tourism  
before the

**SENATE COMMITTEE ON WAYS AND MEANS**

Tuesday, February 25, 2014

9:20 a.m.

State Capitol, Conference Room 211

in consideration of

**SB 2324 SD1**

**RELATING TO ELECTRIC VEHICLES.**

Chair Ige, Vice Chair Kidani, and Members of the Committees.

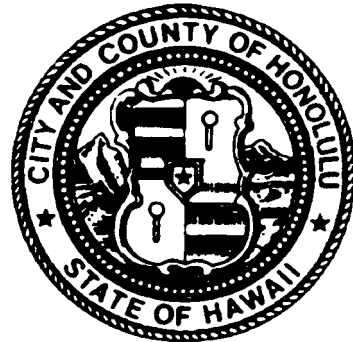
The Department of Business, Economic Development, and Tourism (DBEDT) offers comments on SB 2324 SD1, which would impose a \$60 annual user fee on all Hawaii State licensed electric vehicles (EVs) that would be distributed to State highway fund.

DBEDT recognizes the interest in generating more revenues for the State Highway fund. However, the proposed \$60 fee would only generate a modest amount (\$127,500 based on December 2013 vehicle registrations) as compared to the \$145 million collected in gasoline 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 & 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  
Tuesday, February 25, 2014, 9:20 p.m., Conference Room 211

SENATE Bill 2324 SD1, "RELATING TO ELECTRIC VEHICLES"  
Position: Opposition

TO: The Honorable David Y. Ige, Chair  
and Members of the Committee on Ways and Means

The City and County of Honolulu is opposed to S.B. No. 2324 SD1, 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 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 approximately \$1,500 for the state's prorated cost to implement this program.

We recommend that the \$60 charge be reinstated as a fee versus a tax and no delinquent penalty be assessed for the delinquent collection of this fee.

Finally, we recommend an effective date of 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".

Preston P. H. K. Ko  
Acting Licensing Administrator

# 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-1

**INTRODUCED BY:** Senate Committees on Transportation and International Affairs and Public Safety, Intergovernmental and Military Affairs

**BRIEF SUMMARY:** Adds a new section to HRS chapter 249 to provide for the imposition of an electric vehicle user fee of \$60 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, 2014

**STAFF COMMENTS:** This measure proposes to impose an annual electric vehicle fee of \$60 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 2/23/14

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

DATE: February 19, 2014

TO: Senator David Y. Ige  
Chair, Committee on Ways And Means  
*Submitted Via [WAMtestimony@capitol.hawaii.gov](mailto:WAMtestimony@capitol.hawaii.gov)*

RE: **S.B. 2324 S.D. 1 – Relating to Electric Vehicles**  
**Hearing Date: Tuesday, February 25, 2014 at 9:20 am**  
**Conference Room: 211**

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Dear Chair Ige and Members of the Committee on Ways and Means

On behalf of the Alliance of Automobile Manufacturers (“Alliance”) we submit these comments regarding S.B. 2324 S.D. 1.

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.

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

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

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