

SB 2324

Establishes an annual electric vehicle user fee, fifty per cent of which shall be deposited in the state highway fund and fifty per cent of which shall be deposited in the county highway fund.

NEIL ABERCROMBIE
GOVERNOR



Testimony of
GLENN M. OKIMOTO
DIRECTOR

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

IN REPLY REFER TO:

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

February 4, 2014
1:16 p.m.
State Capitol, Room 224

S.B. 2324
RELATING TO ELECTRIC VEHICLES

Senate Committee(s) on Transportation and International Affairs &
Public Safety, Intergovernmental and Military Affairs

The Department of Transportation (DOT) supports this bill that will establish a \$60 annual electric vehicle user fee of which 50 per cent of the fees 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 use the state highways contribute their share of revenues to support the needs of the state highway fund. Although the proposed \$60 annual electric vehicle user fee is expected to provide additional revenues for the state highway fund, this fee may not be enough 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.



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

NEIL ABERCROMBIE
GOVERNOR

RICHARD C. LIM
DIRECTOR

MARY ALICE EVANS
DEPUTY DIRECTOR

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Statement of
RICHARD C. LIM
Director
Department of Business, Economic Development, and Tourism
before the
SENATE COMMITTEES ON TRANSPORTATION AND INTERNATIONAL AFFAIRS
And
PUBLIC SAFETY, INTERGOVERNMENTAL AND MILITARY AFFAIRS

Tuesday, February 4, 2014
1:16 PM
State Capitol, Conference Room 224

in consideration of
SB 2324
RELATING TO ELECTRIC VEHICLES.

Chairs English and Espero, Vice Chairs Dela Cruz and Baker, and Members of the Committees.

The Department of Business, Economic Development, and Tourism (DBEDT) offers comments on SB 2324, which would impose a new \$60 annual user fee on all Hawaii State licensed electric vehicles (EV) and would require each county to collect this fee and transfer 50% of the moneys collected to the State highway fund and transfer the remaining 50% collected to the County highway funds.

Hawaii has led the Nation with innovative State laws and policies that encourage the adoption of EVs which decrease gasoline consumed in Hawaii and contribute to our transportation goals under the Hawaii Clean Energy Initiative. Given that EVs are still considered an early stage entrant, it may not be in our best interest at this time to impose any new fees on EV purchasers, particularly in light of the modest amount this fee would generate in revenues in comparison to the total annual revenues generated by the gasoline taxes.

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 4, 2014, 1:16 p.m., Conference Room 224

SENATE Bill 2324, "RELATING TO ELECTRIC VEHICLES"

Position: Comments

TO: The Honorable J. Kalani English, Chair
and Members of the Committee on Transportation and International Affairs

The Honorable Will Espero, Chair
and Members of the Committee on Public Safety, Intergovernmental and
Military Affairs

The **City and County of Honolulu** has operational **concerns** regarding S.B. No. 2324 which, among other requirements, will establish a \$60 annual electric vehicle user fee.

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 normally charge penalty on **taxes** not fees. I do not think this surcharge should have a penalty for delinquent renewal as, with the exception of the penalty transfer fee that we can justify to the public, **we will need to justify to the public why a penalty was established for this fee.** Unless you can justify the public purpose for a penalty charge, I do not recommend including a penalty. We further 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

**Testimony of
Gary Slovin / Mihoko Ito
on behalf of
EAN Holdings, LLC**

DATE: February 4, 2014

TO: Senator J. Kalani English
Chair, Committee on Transportation and International Affairs
Via Email: TIAtestimony@capitol.hawaii.gov

RE: **S.B. 2324** – Relating to Electric Vehicles
Hearing Date: Tuesday, February 4, 2014 at 1:16 pm
Conference Room 224

Dear Chair English and Members of the Committee on Transportation and International Affairs:

We submit this testimony on behalf of EAN Holdings, LLC, operating Enterprise Rent-A-Car, Alamo Rent-A-Car and National Car Rental in Hawaii (collectively referred to as “Enterprise”).

Enterprise submits comments on S.B. 574, which establishes an annual electric vehicle user fee for use in the state highway fund and the county highway fund.

Enterprise does not take a position with respect to the establishment or amount of a new fee on electric vehicles, but would like to make sure that the motor vehicle rental industry be allowed to be pass the fee on to its customers as is the current practice with other taxes and fees. Currently, vehicle license, **registration and weight taxes may already be passed on to the consumer under Hawaii law. Because this adds another class of similar fees, we would suggest the following additional language be included to amend the rental motor vehicle chapter:**

§437D-8.4 License and registration fees. (a) Notwithstanding any law to the contrary, a lessor may visibly pass on to a lessee:

.....

(2) The vehicle license ~~and fee~~, registration fee, ~~and~~ weight taxes, ~~and~~ electric vehicle user fee, prorated at 1/365th of the annual vehicle license ~~and fee~~,

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

1099 Alakea Street, Suite 1400
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registration fee ~~and~~, weight taxes and electric vehicle user fee actually paid on the particular vehicle being rented for each full or partial twenty-four-hour rental day that the vehicle is rented; provided the total of all vehicle license and registration fees charged to all lessees shall not exceed the annual vehicle license and registration fee actually paid for the particular vehicle rented;

....

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

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; HB 2145 (Identical)

INTRODUCED BY: SB by Kidani and English and 7 Democrats; HB by Yamane by request

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 provides that 50% of the fee shall be deposited into the state highway fund and the other 50% shall be deposited in the highway fund of the county in which the fee was collected.

Defines "electric vehicle" as those vehicles defined 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, per 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, such fee or tax is difficult to repeal and once it makes its way into the door, the amount of the fee can subsequently be increased 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 2/3/14

From: mailinglist@capitol.hawaii.gov
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To: TIATestimony
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Subject: *Submitted testimony for SB2324 on Feb 4, 2014 13:16PM*

SB2324

Submitted on: 1/30/2014

Testimony for TIA/PSM on Feb 4, 2014 13:16PM in Conference Room 224

Submitted By	Organization	Testifier Position	Present at Hearing
Bill Brown	Individual	Oppose	No

Comments:

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.

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SB2324

Submitted on: 1/30/2014

Testimony for TIA/PSM on Feb 4, 2014 13:16PM in Conference Room 224

Submitted By	Organization	Testifier Position	Present at Hearing
Shelley Nobriga	Individual	Oppose	No

Comments: The bill's reference to the definition of an electric vehicle as defined below (HRS 291-71) should be amended to apply to only "solely" electric vehicles. As an owner of a Prius (Gas, Hybrid, & Plug In) I am still paying various taxes at the pump, because my battery level is significantly different from a Nissan Leaf or other "solely" electric vehicles. §291-71 b) For the purposes of this section: "Electric vehicle" means: (1) A neighborhood electric vehicle as defined in section 286-2; or (2) A vehicle, with four or more wheels, that draws propulsion energy from a battery with at least four kilowatt hours of energy storage capacity that can be recharged from an external source of electricity.

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.

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