



March 28, 2018

**TESTIMONY BEFORE THE HOUSE COMMITTEE ON FINANCE  
ON SB 1011 SD2 HD1 RELATING MOTOR VEHICLE REGISTRATION**

Thank you Chair Luke, and committee members. I am Gareth Sakakida, Managing Director of the Hawaii Transportation Association (HTA) with over 400 transportation related members throughout the state of Hawaii.

We support this measure to have all motor vehicles that use our public roads to contribute to the maintenance of these roads.

Highway funds across the nation have been rendered unsustainable due to reduced collections from fuel taxes. The advancement of non-fossil fueled and hybrid power systems has contributed to this situation, and the situation will only worsen.

These new power systems benefit the ambient environment, but do not pull their fair share to fund road construction and maintenance. Yet these vehicles use these roads and contribute to their deterioration just as much as fossil fuel powered vehicles do.

Mahalo.

**Testimony before the House Committee on Finance**

**Wednesday, March 28, 2018**

**3:00 pm**

**By Brennon Morioka  
General Manager, Electrification of Transportation  
Hawaiian Electric Company, Inc.**

**Senate Bill 1011 S.D. 2, H.D. 1 – Relating to Motor Vehicle Registration**

Chair Luke, Vice Chair Cullen, and Members of the Committee:

The Hawaiian Electric Company and its subsidiary utilities, Maui Electric Company and Hawai'i Electric Light Company (collectively, the "Hawaiian Electric Companies"), submit the following comments to this bill.

Senate Bill 1011 S.D. 2, H.D. 1 establishes an additional motor vehicle registration fee for electric motor vehicles and hybrid motor vehicles to compensate for the lesser revenue generated from the fuel tax by these vehicles and deposits the money into the state highway fund.

The Hawaiian Electric Companies understand the reasoning for this request and acknowledge the Department of Transportation's need to equitably collect user fees from all users in order to adequately maintain the state's highways. However, the Companies are concerned that an increased user fee for electric vehicles and hybrid motor vehicles at this point in time would create a perceived deterrent in the market for these types of vehicles, particularly since the electric vehicle market is still in its very early stages and are not yet at price parity as a transportation option. Incentives and/or user fees have had a tremendous impact on the viability of a market still in its infancy and can significantly influence consumer choice.

For example, a recent study by the U.S. Department of Energy examining the level of EV charging infrastructure required to support the growth of EVs, notes the existence of a "utilization gap" at low levels of EV adoption, where the need for an initial level of infrastructure is required to provide basic charging coverage exceeds market demand. As EV adoption increases, market demand for charging services fill the "utilization gap" and eventually supports and sustains the initial infrastructure investments, while continuing to

grow.<sup>[1]</sup> While EV adoption continues to increase in Hawai'i, overall ownership remains less than 1% of total passenger cars registered.<sup>[2]</sup> Continued growth in EV ownership can improve market demand for EV charging and pave the way for increased investment in EVs and the supporting infrastructure. This concept is also applicable to the discussion of imposing new fees on EVs. Indeed there will be a time when EVs become commonplace and competitive in the market, and as that point approaches, appropriate fees should be considered, however we are concerned it may be too early to impose such fees upon EVs because it would only serve to stagnate and hinder growth of the EV market.

In the alternative, the Companies do support a user fee based on vehicle miles traveled. The Department of Transportation is currently developing a pilot program to explore a possible user fee concept, the results of which will be critical in determining whether such an approach will address the collection shortfalls that the Department of Transportation is facing in the coming years. Ultimately, the issue requires a balance between incentivizing technologies that will usher in a new transportation and energy future to meet the State's specified goals, with the practical need to adequately fund the maintenance and operations of the State's highways.

Thank you for the opportunity to submit comments.

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<sup>[1]</sup> *National Plug-In Electric Vehicle Infrastructure Analysis*. U.S. Department of Energy. September 2017 at 4

<sup>[2]</sup> Statewide EV Ownership ranged from 0.51% in January, 2017 to 0.65% in December, 2017. Per DBEDT Datawarehouse: <http://dbedt.hawaii.gov/economic/datawarehouse/>

**SB-1011-HD-1**

Submitted on: 3/26/2018 11:07:13 PM

Testimony for FIN on 3/28/2018 3:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Charles	Individual	Oppose	No

Comments:

It is reprehensible to charge drivers who are attempting to help reduce emissions. Greater fees would surely drive many back to using traditional fossil fuels. What sort of message is Hawaii trying to set by deliberately taxing those who are practicing Malama Honua?

If this tax is indeed to repair the infrastructure, then every vehicle should pay equally. Otherwise, you might as well charge the pickups and large SUVs more because their size and weight probably put more strain on the road!

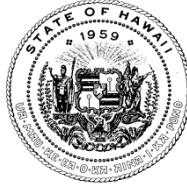
Aloha House Finance Chairwoman Luke,

I support SB1011 SD2 HD1, which will increase the yearly car registration fee for electric and hybrid vehicles. The owners of these vehicle classes are not paying their fair share towards maintaining and constructing our roadway infrastructure.

This proposed bill will address this issue by leveling the playing field for all vehicles that use our state highways. Gasoline taxes, along with weight, and registration fees, fund the construction of new highways, system preservation, and safety improvements. The advent of these vehicles that use less, or any, gasoline has put the state Department of Transportation in a financial bind. The reduction in revenue has resulted in a shift from adding more capacity to doing more safety improvements and system preservation.

This proposed bill likely won't change that focus going forward, but it is a good first step in addressing the funding shortfall the HDOT is facing. More and more people are buying these fuel efficient vehicles, so this issue won't be going away. I urge your committee pass this legislation instead of kicking bucket down the road.

Sincerely,  
Aaron Stene



Testimony by:

JADE T. BUTAY  
DIRECTOR

Deputy Directors  
ROY CATALANI  
ROSS M. HIGASHI  
EDWIN H. SNIFFEN  
DARRELL T. YOUNG

IN REPLY REFER TO:

**LATE**

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

Wednesday, March 28, 2018  
3:00 p.m.  
State Capitol, Room 308

**S.B. 1011, S.D. 2, H.D. 1  
RELATING TO MOTOR VEHICLE REGISTRATION**

House Committee on Finance

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The Department of Transportation (DOT) **strongly supports** S.B. 1011, S.D. 2, H.D. 1. This bill will assess drivers of electric motor vehicles, hybrid motor vehicles and plug-in hybrid motor vehicles an additional annual registration fee for their fair share of contribution to the state highway fund.

The highways financial plan relies on the state fuel tax to support the continued operations and maintenance of the State Highway System. Appropriations from the State Highway Fund are used for the construction, operations, and maintenance of the State Highway System.

Given that electric motor vehicles, hybrid motor vehicles and plug-in hybrid motor vehicles have historically not contributed their fair share via the state fuel tax collection, DOT believes and recommends an assessment of an additional \$70 annual vehicle registration fee for electric motor vehicles and \$35 annual vehicle registration fee for hybrid motor vehicles and plug-in hybrid motor vehicles is fair. This belief is based upon statistics from DOT for electric motor vehicles and the following formula: The annual average driving miles for all vehicles [10,390 miles] divided by the average manufacturers 25 miles per gallon multiplied by \$0.16 miles per gallon gas tax equals approximately \$70 per year per electronic motor vehicle; for hybrid motor vehicles and plug-in hybrid motor vehicles annual average is at \$35 per year per vehicle.

Thank you for the opportunity to provide testimony.



**LATE**

**HOUSE COMMITTEE ON FINANCE**

March 28, 2018, 3:00 P.M.

Room 308

(Testimony is 4 pages long)

**TESTIMONY IN OPPOSITION TO SB 1011 SD2 HD1**

Aloha Chair Luke, Vice Chair Cullen, and members of the Finance Committee:

Blue Planet Foundation **opposes** HB 2011, which may slow our transition to clean transportation by further increasing the initial cost of electric vehicles (EVs). Hawaii has adopted critical clean energy targets for renewable energy (100% by 2045), carbon emissions reduction (commitment to the Paris Climate Agreement goals), and clean transportation (100% renewable transportation by 2045, as adopted by each of the county mayors). Achieving these targets requires an aggressive transformation in Hawaii's energy sector from fossil fuel-powered vehicles to electric power. **We respectfully urge the legislature to consider the larger policy goals for the state when contemplating any changes to the current incentives for EV adoption.**

Electric vehicles will play an integral role in Hawaii's clean energy future. While EVs that use the existing electricity grid to charge still use mostly fossil fuel (except on Hawaii Island), they use that fuel more effectively than burning fuel directly in a typical gasoline engine. This is why EVs are much less expensive to "fuel" per mile than their gasoline counterparts. Further, by using stored electrical energy, EVs can take advantage of intermittent solar, wind, and other clean energy resources. Most vehicles sit idle over 22 hours of the day, so they can 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 Hawaii residents.

Over one million gasoline-powered vehicles are on Hawaii's roads—and from them comes nearly five million metric tons of climate-changing carbon pollution. What's worse, while Hawaii has made good progress in reducing its carbon emissions from the electricity sector, emissions from ground transportation have been increasing in recent years.

This, in part, inspired **the mayors from all four of Hawaii's counties in December, 2017, to pledge to transform ground transportation to 100 percent renewable fuel by 2045**. The purpose of their action was to set a vision for clean, modern mobility options for all. This goal is

necessary and achievable. **The state should support these county goals with appropriate incentives to foster the rapid adoption of electric and other renewable fuel vehicles.**

## Adding an EV registration fee is premature without broader policy considerations

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Barriers still remain to widespread EV adoption, including initial vehicle cost, lack of charging infrastructure, and vehicle range. That is why many U.S. states have provided incentives—often in the form of a rebate—to prospective purchasers to help overcome these hurdles. A listing of these incentives is below.

<b>Arizona</b>	Reduced Vehicle License Tax, Carpool lane access and reduced rates for electric vehicle charging
<b>California</b>	\$2,500 rebate (based on income eligibility)
<b>Connecticut</b>	\$3,000 rebate for new vehicles under \$60,000
<b>Colorado</b>	\$5,000 tax credit for purchase of a new vehicle \$2,500 tax credit for lease of a new vehicle
<b>Delaware</b>	\$1,000 rebate for new vehicles over \$60,000 \$3,500 rebate for new vehicles under \$60,000
<b>Louisiana</b>	\$2,500 income tax credit
<b>Maryland</b>	\$3,000 Excise Tax Credit for new vehicles under \$60,000 \$700 rebate on wall connectors and installation
<b>Massachusetts</b>	\$1,000 rebate for new vehicles over \$60,000 \$2,500 rebate for new vehicles under \$60,000
<b>Nevada</b>	Reduced rates for electric vehicle charging
<b>New Jersey</b>	Sales tax exempt
<b>New York</b>	\$500 rebate for new vehicles over \$60,000 \$2,000 rebate for new vehicles under \$60,000
<b>Oregon</b>	\$750 rebate on wall connectors and installation (more for commercial use)
<b>Pennsylvania</b>	\$1,750 rebate for new vehicles \$50,000 and under (500 rebates available between January 1 and June 30, 2018)
<b>Washington</b>	Partial sales tax exemption for new vehicles under \$42,500
<b>Washington DC</b>	Excise tax exempt

With the mayors' proclamations last December, Hawaii joined the ranks of several countries who have also recognized that fossil fuel-powered ground transportation needs to end. **Both France and Britain have set a target phasing out the sale of new gas cars by 2040.** India set a similar goal for 2030. Belgium, Sweden, and Norway are developing policies to do the same. Earlier this year, China announced plans to electrify its entire vehicle fleet.



These countries recognize the environmental imperative for setting long-term transportation policies. Here, policy is key, as the market fails to account for the environmental and social cost of carbon pollution from vehicles today.

**Blue Planet Foundation believes that additional fees should not be levied on EVs until a comprehensive, phased incentive structure for EV adoption is developed and implemented to match our renewable transportation goals and Paris Climate Agreement commitments.**

We respectfully request that the Finance Committee hold SB 1011.

Thank you for the opportunity to testify.



**TESTIMONY REGARDING SB 1011 SD 2, HD 1**

**being heard by the House Committee on Finance  
on Wednesday, March 28, 2018 at 3:00 PM**

Aloha Chair Luke, Vice Chair Cullen and Members of the Committee:

Thank you for the opportunity to provide testimony regarding SB 1011 SD 2, HD1, which would establish additional registration fees for electric, hybrid and plug-in hybrid vehicles. These comments address when proposed fees would go into effect and their retroactive application to clean vehicles.

Tesla's mission is to accelerate the world's transition to sustainable energy through the deployment of electric vehicles and clean energy products. The transportation sector accounts for a significant share of Hawaii's consumption of fossil fuels, and thus is a major contributor to climate change as well as local air pollution. Electrification of the transportation sector will play a critical role in achieving the state's climate goals, particularly when paired with the state's strong renewable energy goals. As the electricity grid gets cleaner, so too does the electrified transportation fleet.

As pointed out in testimony on this legislation submitted by the Hawaiian Electric Companies and Ulupono Initiative, increasing fees on electric vehicles will send a negative signal to Hawaiians who are considering purchasing a clean vehicle. We respectfully submit that as the Legislature considers whether vehicles contribute their fair share to the state highway fund, it also should consider the local air quality and public health benefits that are provided by zero emission vehicles that have no tailpipe emissions.

To mitigate the market impact of the negative signal associated with the proposed additional fees, we recommend two amendments to the bill. First, the effective date should be no earlier than January 1, 2020. Second, the proposed additional fees should apply only to new vehicles purchased after the effective date. Retroactive application of additional fees to clean vehicles already on the road will effectively penalize the early adopters of clean transportation technology by changing the rules on drivers who already have purchased or leased a clean vehicle. A simple way to accomplish these modifications is to amend the bill to apply to electric, hybrid and plug-in hybrid vehicles beginning with model year 2020.

We look forward to working with the Legislature and stakeholders to ensure a fair solution that does not slow progress toward meeting Hawaii's clean air, clean transportation, and climate goals. Thank you for the opportunity to submit this testimony.

**LATE**

**SB-1011-HD-1**

Submitted on: 3/28/2018 2:20:28 PM

Testimony for FIN on 3/28/2018 3:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Minh	Individual	Oppose	No

Comments:

Please STOP this bill! It is a bad idea for the following reasons:

1. NOT having to buy gasoline and pay gasoline taxes is has been part of the incentives used to ENCOURAGE people to trade in their gas cars for electric ones. The Federal tax credit, free parking, HOV lane use, etc. are all part of the incentives used to get folks to stop burning gas. It is counterproductive to offer incentives then suddenly now PENALIZE EV owners with a new \$75/year tax. From the first EV registered in HI, everybody knew that electric car owners don't buy gasoline. It doesn't make sense that EVs are now suddenly targeted for a new \$75/year tax!

2. EVERYONE uses the roads but we don't target pedestrians, bicyclists or bus riders for new taxes do we? So why pick on the small numbers of EV owners for doing what government has been incentivizing (up to now) - owning an EV?

3. This idea is not proportional. It's a one size fits all scheme which purports to make EVERY EV owner pay the SAME \$75! Whether you drive 1000 miles/year or 20,000 miles/year you'll get stuck with the SAME \$75 tax. That's very WRONG! Gas cars pay gas taxes proportional to how much gas they buy.

4. If enacted into law this bill would raise very little money as there are very few EVs as a percentage of all vehicles. In that sense it's a waste of time to try to raise funds this way.

5. There's a better way to raise funds for roads. Since ALL of us use the roads, ALL of us should equally pay for them through general funds from sales and/or income taxes. Even the shut-in who never owned a car benefits from our highway infrastructure. They receive all their food and goods from vehicles. Whenever they receive mail or packages from UPS, FedEx, etc. they benefit and should pay their share for the roads.

6. Stop the gas tax and replace it with broadbased general funds. If this bill becomes law, at a minimum GRANDFATHER existing EVs from this new tax. Existing owners bought their EVs with the understanding that they would NOT be paying any extra taxes so they should be protected from any new taxation!

**LATE**

**SB-1011-HD-1**

Submitted on: 3/28/2018 3:41:37 PM

Testimony for FIN on 3/28/2018 3:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
J Haltom	Individual	Oppose	No

Comments:

Aloha,

I'd like to express my opposition to this bill. As an EV owner I have made a conscious decision to not use gasoline to power my vehicle. Adding an additional registration fee for EV owners is an unfair taxation. We are the vehicle owners who are effecting change and striving for a cleaner island and planet. I believe that instead of extra taxes on EVs, all HIGH emission vehicles should be penalized with additional taxes. All excessively NOISY vehicles should also pay an additional tax because they disturb the peace! This would help make up for their gross negligence and help cover the cost of road repairs that you're trying to squeeze out of EV owners.

If more money is needed for road repairs, then ALL vehcile owners should have increased registration fees. Don't penalize EV owners because we chose not to buy fossil fuels at the pump.

If this state wants to set an example for clean energy, they need to embrace electric vehicles not penalize them.