



Testimony by:

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IN REPLY REFER TO:

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

March 16, 2018
10:00 a.m.
State Capitol, Room 423

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

House Committee on Transportation and Energy & Environmental Protection

The Department of Transportation (DOT) **strongly supports** S.B. 1011, S.D. 2. This bill will assess drivers of electric motor vehicles and hybrid electric 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 and hybrid electric motor vehicles historically have not been contributing their fair share via the state fuel tax collection, DOT believes the assessment of an additional \$70 annual vehicle registration fee for electric motor vehicles and \$35 annual vehicle registration fee for hybrid motor vehicles is fair. This belief is based on statistics from the Department of Transportation. Specifically, for electric motor vehicles, 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, the annual average is at \$35 per year per vehicle.

Thank you for the opportunity to provide testimony.



March 16, 2018

**TESTIMONY BEFORE THE HOUSE COMMITTEE ON
TRANSPORTATION AND ON ENERGY & ENVIRONMENTAL PROTECTION
ON SB 1011 SD2 RELATING MOTOR VEHICLE REGISTRATION**

Thank you Chair Aquino, Chair Lee, 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.

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 Committees on Transportation, and Energy &
Environmental Protection**

**Friday, March 16, 2018
10:00 am**

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

Senate Bill 1011 S.D. 2 – Relating to Motor Vehicle Registration

Chairs Aquino and Lee, Vice Chairs Quinlan and Lowen, and Members of the Committees:

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 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.^[1] While EV adoption continues to increase in Hawai'i, overall ownership remains less than 1% of total passenger cars registered.^[2] 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.

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

^[2] 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/>



Email: communications@ulupono.com

HOUSE COMMITTEES ON TRANSPORTATION AND ENERGY & ENVIRONMENTAL
PROTECTION

Friday, March 16, 2018 — 10:00 a.m. — Room 423

Ulupono Initiative Opposes SB 1011 SD 2, Relating to Motor Vehicle Registration

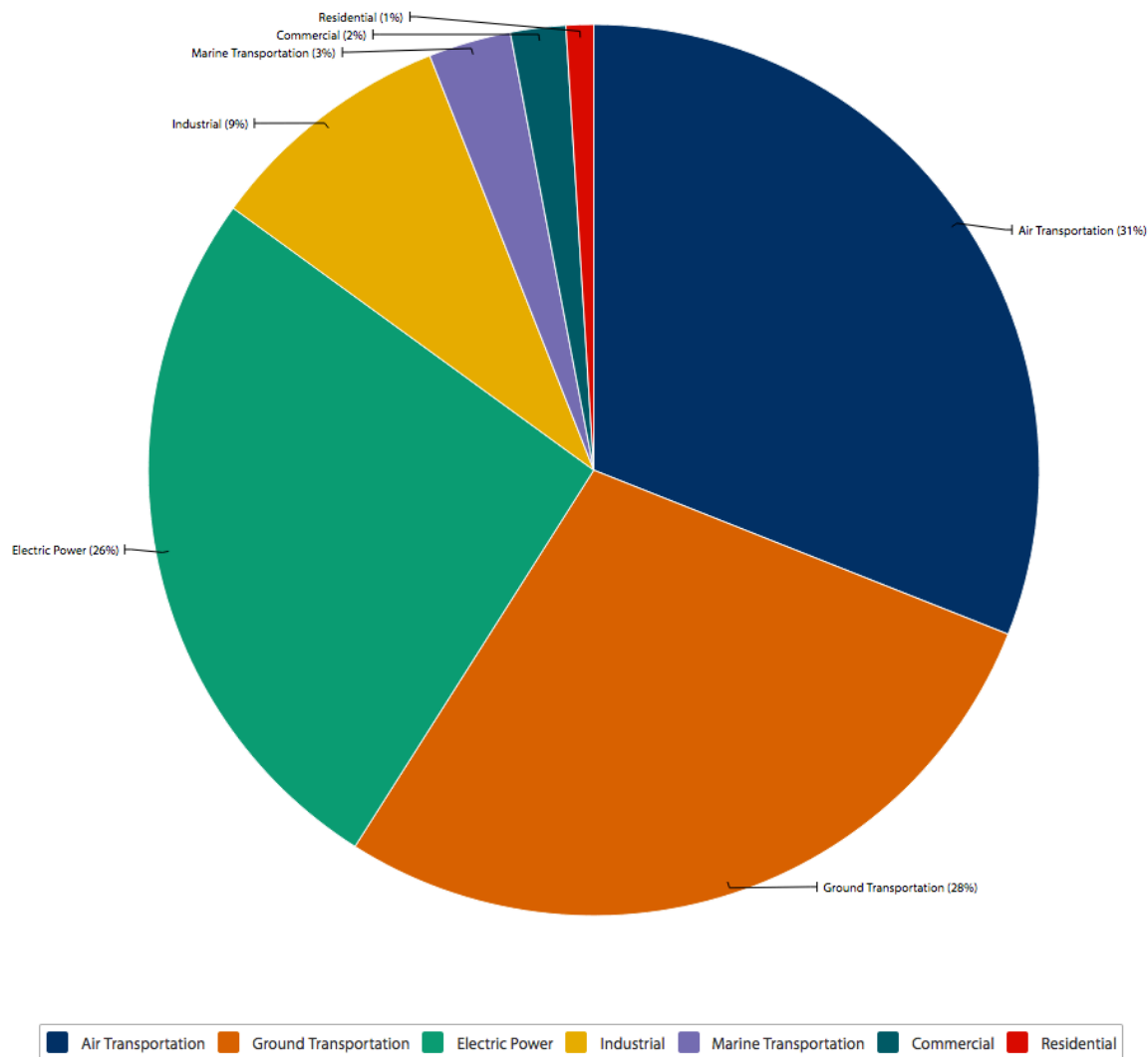
Dear Chair Aquino, Vice Chair Quinlan, Chair Lee, Vice Chair Lowen, and Members of the Committees:

My name is Murray Clay and I am Managing Partner of the Ulupono Initiative, a Hawai'i-based impact investment firm that strives to improve the quality of life for the people of Hawai'i by working toward solutions that create more locally produced food; increase affordable, clean, renewable energy; and better management of waste and fresh water. Ulupono believes that self-sufficiency is essential to our future prosperity and will help shape a future where economic progress and mission-focused impact can work hand in hand.

Ulupono opposes SB 1011 SD 2, which establishes an additional motor vehicle registration fee for electric motor vehicles and hybrid motor vehicles.

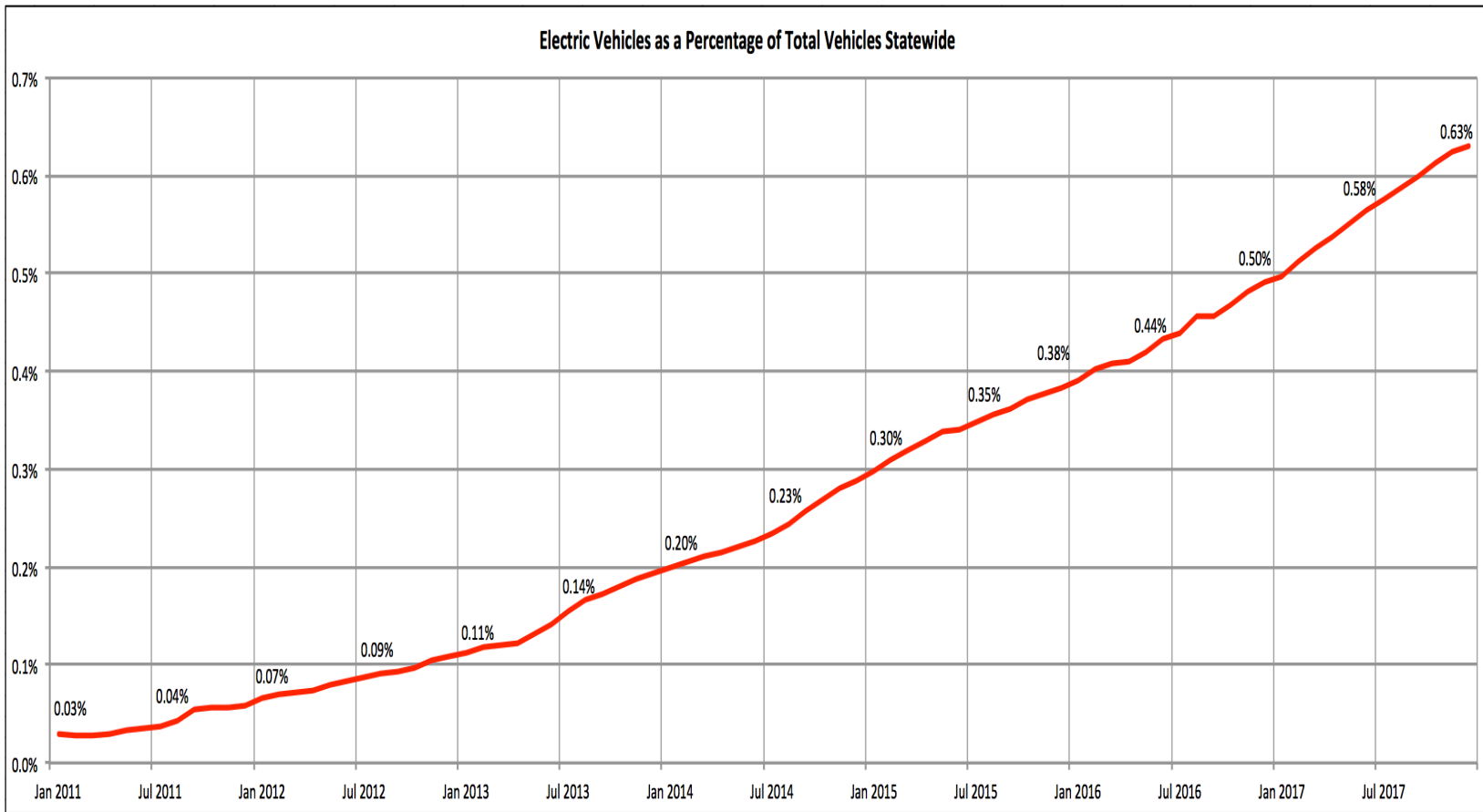
In Hawai'i, while ~25 percent of electricity generation is renewable energy, less than 1 percent of energy use in transportation is renewable. Meanwhile, the transportation sector requires more energy than the electricity sector. Furthermore, about 28 percent of the state's primary energy usage is due to ground transportation, such as cars and trucks, which rely almost exclusively on imported fossil fuels for its energy. Electrifying ground transportation is presently the most efficient and impactful way to move transportation toward more renewable energy.

Investing in a Sustainable Hawai'i



This bill could reduce demand for electric vehicles. Electric vehicles would have the additional benefit of providing the potential to add battery storage capacity and/or demand response capacity to the electric grid.

Hawai‘i ranks second in the nation behind California in the number of electric vehicles registered as a percentage of vehicles. As of December 2017, electric vehicles represented 0.63 percent of all registered vehicles. Yet, electric vehicles are growing in market share as these incentives encourage more people to buy them. In 2017, electric vehicle registrations increased by 31 percent while gasoline vehicle registration only increased by 1 percent. It is far too early in the electric vehicle adoption curve to start adding additional costs on electric vehicle owners.



Source: DBEDT Figures



Thank you for this opportunity to testify.

Respectfully,

Murray Clay
Managing Partner

SB-1011-SD-2

Submitted on: 3/13/2018 5:28:47 PM

Testimony for TRN on 3/16/2018 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Circe Carr	Individual	Oppose	No

Comments:

Aloha House Transportation Committee Chairman Aquino,

I support SB1011 SD2, which would 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 new roads. 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 bind. This reduction in revenue resulted in a shift from adding more capacity to doing more safety improvements and system preservation.

This proposed bill won't change that focus going forward, but it is a good first step in addressing this revenue shortfall 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

LATE

SB-1011-SD-2

Submitted on: 3/15/2018 10:00:01 PM
Testimony for TRN on 3/16/2018 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Joan Kutzer	Individual	Oppose	No

Comments:

Aloha, I am in strong opposition to this bill. I recently bought an electric car for several reasons. The first is the environmental factor. The second is for economic reasons. As the cars become more popular it is harder to find economic charging stations. Now we will be expected to pay more for our registration fees? There will soon be no incentive to drive an environmentally friendly vehicle. Please vote against SB1011.

Joan Kutzer

LATE

SB-1011-SD-2

Submitted on: 3/16/2018 12:09:18 AM

Testimony for TRN on 3/16/2018 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Mark Hildebrant	Individual	Oppose	No

Comments:

I would like to express my opposition to SB1011 SD2 for the following reasons:

- 1) As a tax on not burning gasoline, this bill is contrary to all state and city environmental and energy policies in Hawaii.
- 2) Automobile registration fees in Honolulu have been rising fast and are already excessive. My family paid over \$1,000 to register our 3 vehicles in the past year and there are more city registration increases in the pipeline. This is nuts! Isn't that enough already?
- 3) There is no better way to foster cynicism in government than to encourage citizens to do something and then to tax them for doing exactly what government encouraged. What will Hawaii tax next, having 30 days of emergency food and water supplies?
- 4) Adding \$560 to the eight year cost of owning an electric vehicle and \$280 for a hybrid will decrease purchases of fuel efficient vehicles, especially in the current environment of low gasoline prices and higher prices for electric and hybrid vehicles. Passing this bill would result in more pollution, more gasoline imports, and accelerated climate change.
- 5) If state policy is to decrease burning of fossil fuels, shouldn't we increase taxes on gas guzzlers rather than gas sippers?
- 6) State leaders pretend they are concerned by the high cost of living in Hawaii, but when push comes to shove they always vote to increase the cost of living, as evidenced by this bill.
- 7) It is well documented that our state Department of Transportation is very inefficient. They have the highest administrative cost per mile of roads in the nation. The use of preventative maintenance to combat state road deterioration is almost nonexistent. DOT efficiency needs to be addressed before raising taxes.
- 8) My family has invested over \$50,000 (after tax credits) in solar panels and a plug-in hybrid vehicle in order to do the right thing. And you want to tax us for this? That is

perverse.

9) What about those who already bought electric and hybrid vehicles at the state government's urging who did not have prior knowledge that they would be taxed for doing the environmentally right thing? Future car buyers would be able to consider this fuel economy tax in their buying decisions, but past car buyers did not have a chance. If this terrible bill is passed, existing electric and hybrid vehicle ownership should grandfathered out.

10) What about plug-in hybrids? They burn more gas than electric vehicles but less gas than hybrids. I don't see anywhere in the bill how they will be treated.

Thank you for considering my comments.