



TESTIMONY BY:

JADE T. BUTAY
DIRECTOR

Deputy Directors
LYNN A.S. ARAKI-REGAN
DEREK J. CHOW
ROSS M. HIGASHI
EDWIN H. SNIFFEN

LATE

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

March 15, 2019
10:45 A.M.
State Capitol, Room 423

S.B. 409, S.D. 2
RELATING TO ELECTRIC VEHICLES.

House Committee on Transportation

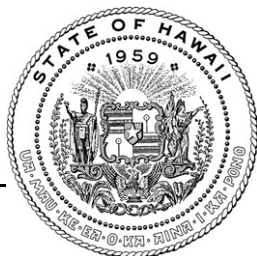
The Department of Transportation (DOT) **supports** S.B. 409, S.D. 2 which will establish an annual electric vehicle registration surcharge and deposit the fees collected into the state highway fund for electric, plug-in hybrid electric vehicles, alternative fuel vehicles, and hybrid vehicles.

It is important that all users including owners of electric vehicles, plug-in hybrid vehicles, alternative fuel vehicles, and hybrid vehicles that are driven on the state highways contribute their share of revenues to support the needs of the state highway fund. These vehicles inflict wear and tear on the roads but don't use any fuel and therefore do not incur any fuel taxes.

Considering there are approximately 8,400 registered electric vehicles, HDOT does not see this bill as creating a significant revenue source. However, it is expected to generate real funds that can be used to repair the aging highway infrastructure and ensure that all are paying their fair share.

Amendment to the effective date to January 1, 2020 is recommended as implementation of this bill will require computer programming / mainframe modifications by the City and County of Honolulu's Department of Information Technology.

Thank you for the opportunity to provide testimony.



DAVID Y. IGE
GOVERNOR

MIKE MCCARTNEY
DIRECTOR

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

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
MIKE MCCARTNEY
Director

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

Friday, March 15, 2019
10:30 AM
State Capitol, Conference Room 423

In consideration of
SB 409, SD2
RELATING TO THE ELECTRIC VEHICLES.

Chair Aquino, Vice Chair Hashimoto and Members of the Committee. The Department of Business, Economic Development, and Tourism (DBEDT) **offers comments** on SB409, SD2, which establishes an annual vehicle registration surcharge fee for electric vehicles (EVs), plug-in hybrid electric vehicles, alternative fuel vehicles, and hybrid vehicles to be deposited into the state highway fund.

Transitioning Hawaii's ground transportation to more fuel-efficient engines is critical to achieving Hawaii's statewide energy policy goal of eliminating ground transportation fossil fuel consumption. DBEDT recognizes that the transition will impact the funding stream generated through fuel taxation in the long term; however, EVs currently represent less than one percent of vehicles in Hawaii and is not expected to create a significant revenue source in the near term. Electric vehicles and hybrids support the state's energy policy; therefore, DBEDT would not want a fee to be misconstrued as a lack of support for consumers' adoption of alternative fuel vehicles.

DBEDT respectfully defers to the Hawaii Department of Transportation for identifying efficient and adequate adjustments to user fees. DBEDT understands the State of Hawaii is looking for possible ways to improve funding for our roadways through the Hawaii Road Usage Charge Demonstration (HiRUC) project. HiRUC is currently scheduled to be piloted in late 2019 and continue through 2020, with a final report in 2021. DBEDT recommends outcomes of the HiRUC be used to inform the development of surcharges.

Thank you for the opportunity to testify.

**TESTIMONY BEFORE HOUSE
COMMITTEE ON TRANSPORTATION**

S.B. 409, SD2

Relating to Electric Vehicles

Friday, March 15, 2019
10:30 AM, Agenda # 7
State Capitol, Conference Room 423

Brennon Morioka
Director, Electrification of Transportation
Hawaiian Electric Company, Inc.

Aloha Chair Aquino, Vice Chair Hashimoto and Committee Members,

My name is Brennon Morioka and I am testifying on behalf of Hawaiian Electric Company and its subsidiary utilities Maui Electric Company and Hawai'i Electric Light Company (collectively, the "Hawaiian Electric Companies") and would like to **offer these comments and concerns** related to S.B. 409, SD2, Relating to Electric Vehicles. S.B. 409, SD2 establishes an annual electric vehicle ("EV") registration surcharge fee to be deposited into the state highway fund. This bill seeks to take steps to address some of the revenue shortfalls that electric vehicles and other alternative fuel vehicles have caused from their lack of contribution to the barrel tax. This is an important undertaking that will require a comprehensive solution in the future when electric vehicles comprise a larger proportion of total vehicles on the road. In short, the EV market is still nascent and such fees may actually discourage the adoption of these vehicles and the transition into clean transportation. Considering the overall EV market represents approximately one percent of the total registered vehicles in the state, applying this registration fee would likely only result in minimal revenue for the state.



The State Department of Transportation is currently conducting a study on alternative fee structures to recover revenues that could be equitably applied to all types of vehicles, including electric. The Hawaiian Electric Companies recommend that this effort continue to be supported to determine the most appropriate fee mechanism for this issue.

As one of the leaders in the state's clean transportation efforts, the Hawaiian Electric Companies remain committed to an EV strategy that is sustainable and helps create a bridge to a cleaner future.

Thank you for this opportunity to submit comments on S.B. 409, SD2.



SERVCO PACIFIC INC.
2850 PUKOLOA ST. STE. 300
HONOLULU, HI 96819 USA

O. 808.564.1300
F. 808.564.1393

SERVCO.COM

Representative Henry Aquino, Chair
Representative Troy Hashimoto, Vice Chair
Committee on Transportation

RE: SB 409 SD2 – Relating to Electric Vehicles- In Opposition
Friday, March 15, 2019; 10:30 AM; Conference room 423

Aloha Chair Aquino, Vice Chair Hashimoto and members of the committee,

Servco Pacific Inc. (“Servco”) is in opposition of SB 409 SD2, which establishes an annual vehicle registration surcharge fee for electric vehicles, plug-in hybrid electric vehicles, alternative fuel vehicles, and hybrid vehicles to be deposited into the state highway fund.

Electric vehicles are still in the early stage of adoption, representing approximately 1% of the total registered vehicles in the state. This bill is counter to the State’s clean air goals and a disincentive to those driving environmentally-friendly cars.

Drivers of plug-in hybrid vehicles and hybrid electric vehicles already pay the gas tax so if this bill passes in its current form, the registration surcharge fee would result in double taxation.

We believe an equitable, comprehensive solution is needed for transportation infrastructure funding. For the above reasons, we respectfully request that the committee hold this bill. Thank you for the opportunity to provide comments.

Alan Lundgren
VP, General Counsel
Corporate Legal



SanHi

GOVERNMENT STRATEGIES
A LIMITED LIABILITY LAW PARTNERSHIP

DATE: March 15, 2019
TO: Representative Henry Aquino
Chair, Committee on Transportation

LATE

Submitted Via Capitol Website

FROM: Tiffany Yajima

RE: **S.B. 409, S.D.2 – Relating to Electric Vehicles**
Hearing Date: Friday, March 15, 2019 at 10:30 a.m.
Conference Room: 423

Dear Chair Aquino and Members of the Committee on Transportation:

On behalf of the Alliance of Automobile Manufacturers (“Alliance”) we submit these comments on S.B. 409, S.D.2.

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

S.B. 409, S.D.2 would establish an annual vehicle registration surcharge fee of \$15 for each electric vehicle, plug-in hybrid electric vehicle, alternative fuel vehicle, and hybrid vehicle manufactured that is registered in the state. This \$15 surcharge would be applicable to all vehicle model years and would be assessed on top of the annual \$45 vehicle registration fee with proceeds directed to the state highway fund.

The Alliance respectfully requests the committees to amend this measure by removing reference to plug-in hybrid electric vehicles and hybrid vehicles in the category of vehicles subject to the annual vehicle registration surcharge fee. The Alliance would also request to make this vehicle registration surcharge fee applicable beginning with the first registration renewal.

Plug-in hybrid electric vehicles and hybrid vehicles are fuel efficient vehicles that utilize gasoline. Drivers of these vehicles already contribute to the state highway fund through the gas tax and the inclusion of these vehicles in a vehicle registration surcharge fee would result in double taxation. Moreover, this surcharge is expected to generate minimal revenue for the state while creating a financial disincentive for consumers committed to driving an environmentally-friendly vehicle.

Thank you for the opportunity to submit this testimony.

First Hawaiian Center
999 Bishop Street, Suite 1400
Honolulu, HI 96813

T 808-539-0400
F 808-533-4945



Email: communications@ulupono.com

HOUSE COMMITTEE ON TRANSPORTATION
Friday, March 15, 2019 — 10:30 a.m. — Room 423

Ulupono Initiative Opposes SB 409 SD 2, Relating to Electric Vehicles

Dear Chair Aquino, Vice Chair Hashimoto, and Members of the Committee:

My name is Murray Clay and I am the Managing Partner of 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 manage waste and fresh water resources.

Ulupono opposes SB 409 SD 2, which establishes an annual electric and hybrid vehicle registration surcharge fee, because it discourages the use of more efficient, cleaner forms of ground transportation.

Ulupono opposes any additional surcharge fee on cleaner, more efficient vehicles such as electric, hydrogen, and hybrids because we believe this contradicts the States goals related to cost of living, the environment, global warming, clean energy, and improved health.

All drivers contribute different amounts to the State Highway Fund via registration fees, weight taxes and gas taxes. However, only the gas tax is loosely correlated to how much a driver actually "uses" the State roadways and that varies based on how efficient a vehicle one drives. For example, a Mitsubishi Mirage is a highly fuel-efficient vehicle that gets better MPG than a Nissan Rogue Hybrid and better than a Toyota Highlander Hybrid. This proposal does not address those differences. Even a vehicle that uses very little of the State roadways contributes significantly to the highway fund since registration and weight taxes account for 2/3 of what the driver contributes to the highway fund each year. In short, the current system is simply not capable of directly aligning road usage with contributions to the highway fund and we do not believe this proposal is a proper remedy to the current system.

While Ulupono is opposed to creating a surcharge fee on cleaner vehicles such as electric, hydrogen, and hybrids, we especially feel hybrids should not be included in this surcharge. The intent of this measure is to recoup funding lost from vehicles that do not use gasoline and therefore do not pay gasoline taxes. However, hybrids do rely on some gasoline usage

Investing in a Sustainable Hawai'i

and therefore do pay their fair share of gasoline taxes. This would effectively amount to a double taxation for hybrid owners.

If the legislators are to prioritize funding the highway over the State's economic, environmental, energy, and health goals, and aims to have any fees, surcharges or taxes be equitable, then we strongly encourage the Committee to defer this measure and address these needs when the State DOT finishes the Road User Charge pilot and can implement a new system that can be designed to meet your implied intentions.

However, UluPono will always strongly encourage and support trying to align funding needs while encouraging drivers to choose more efficient, cleaner vehicles since they bring economic, environmental, energy, and health benefits to our communities.

Electric vehicles (EVs) are an important avenue to address Hawai'i's pressing climate issues and align with the State's energy and environmental goals. The State should take a holistic approach to advance our energy and environmental goals, including a consistent demonstration of support for EVs, and should be cognizant of the negative impacts that this bill may cause.

EVs currently offer an effective option to progress clean renewable ground transportation and immediate benefits to Hawai'i:

- EVs can alleviate Hawai'i's high cost of living
- EVs provide immediate impact to reduce our dependence on fossil fuels and decrease greenhouse gas (GHG) emissions
- Hawai'i should be sending a message of support for EVs

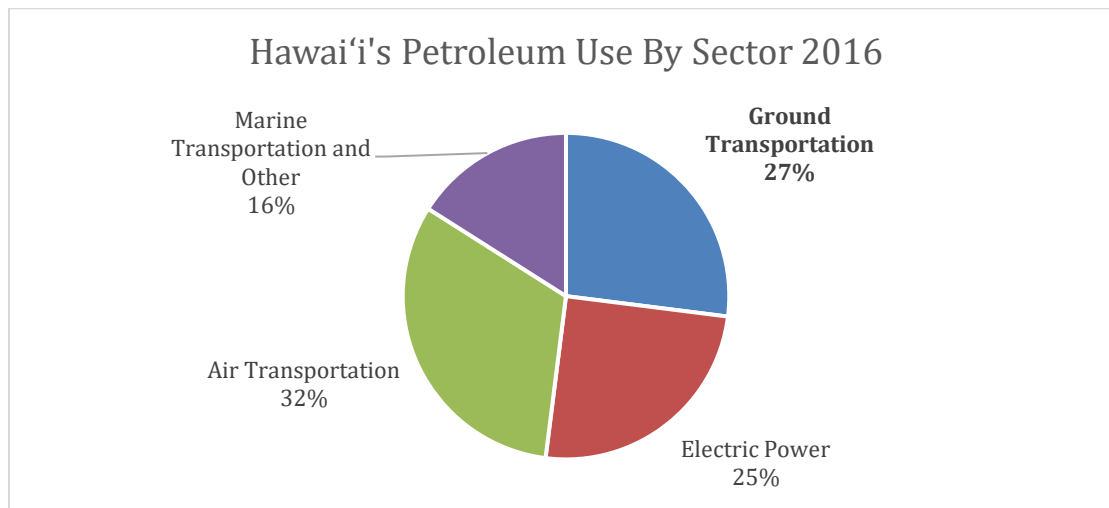
EVs Can Alleviate Hawai'i's High Cost of Living

EVs are an increasingly affordable option for all. For example, the 2019 Nissan Leaf's average MSRP is \$33,095. After the Federal tax credit is considered, the purchase price is \$25,595, which is less than the best-selling sedan in the country, the 2019 Toyota Camry. Attachment A to our testimony compares the purchase price of non-luxury EVs with top-selling sedans and the Toyota Tacoma (the top selling vehicle in Hawai'i).

EVs are also cheaper to operate and maintain because they have fewer moving parts and are more fuel efficient. According to a recent study by the Union of Concerned Scientists, Honolulu drivers could save more than \$500 per year by switching to an EV.

EVs Provide Immediate Energy and Environmental Impact

Ground transportation alone utilizes more than a quarter of the state's imported petroleum. Electrifying ground transportation will reduce our demand for imported fossil fuels, keeping millions of dollars in the state and cutting harmful pollution.



Source: Hawai'i State Energy Office – Hawai'i Energy Facts & Figures

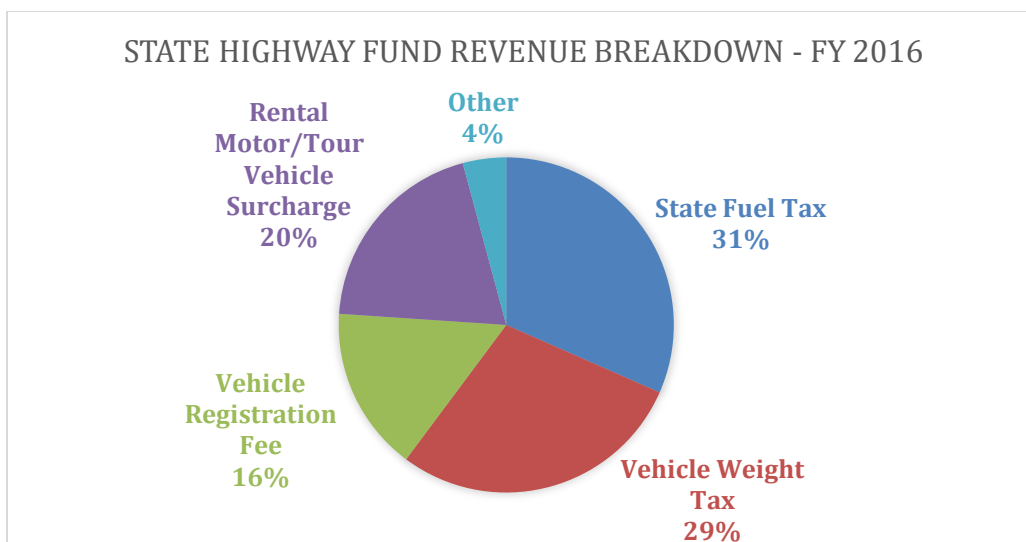
Converting from petroleum-based vehicles to EVs immediately reduces GHG emissions, helping combat climate change and its impacts on our islands. EVs produce zero-emissions at the tailpipe, and even when full lifecycle emissions (from manufacturing through disposal) are considered, EV emissions are approximately 50 percent lower than internal combustion engine (ICE) vehicles.

EVs can also support the integration of more renewables on the electric grid with smart charging technology and rate structures. Thus, proliferating EVs throughout Hawai'i can help accelerate progress towards the State's 100 percent renewable portfolio standard goal, as well as contribute to the State's Paris Agreement commitments and carbon neutral goal.

Hawai'i Should Be Sending a Message of Support for EVs

EV Market Is Too Nascent For Policies That Hinder Adoption

While we understand the Hawai'i Department of Transportation's (HDOT) desire to supplement lost fuel tax revenue from EVs and that drivers should pay their fair share for road use, we do not believe an EV registration fee is the right answer at this time. While EV adoption has shown impressive growth in Hawai'i, they currently represent less than one percent of all vehicles in the state. Hawai'i must encourage this still nascent market, and it is far too early in the adoption curve to start adding additional costs and barriers to EVs.



Source: Hawai'i Department of Transportation – Annual Financial Statements

EVs Currently Contribute To The State Highway Fund

As you may know, the State Highway Fund is comprised of revenue from the Fuel Tax, Vehicle Weight Tax, Vehicle Registration Fee, and Rental Motor Vehicle Surcharge. EVs already contribute to the State Highway Fund through the existing Vehicle Weight Tax and Vehicle Registration Fee. With 8,331 registered passenger EVs in the state (as of December 2018), only one percent of the State Fuel Tax's 31 percent, a mere 0.3 percent of the State Highway Fund, is affected by EVs.

Collectively, Policy Needs To Support EVs & More Efficient Vehicles

Most importantly, a new EV fee could send a message that the State is not serious about climate change and does not believe in EV's important role in advancing its sustainability goals. There are several proposed bills in the 2019 legislative session that are EV-related, including a bill seeking to reduce parking and other direct benefits for EVs. Combined, these bills would be detrimental to EV sales and supply. **In fact, recent research by the University of California Institute of Transportation Studies indicates that such bills could reduce EV sales by up to 20 percent.**

Alternatively, there are a number of proposed bills that show strong support for EV adoption, including a rebate/tax credit for investing in EV charging infrastructure. We implore the committee members to consider all of the bills holistically in light of the State's commitments to clean energy and the environment. By balancing bills that will hinder EV adoption with those that would support EVs, the State can build on the current momentum and signal to the market that we support clean transportation.

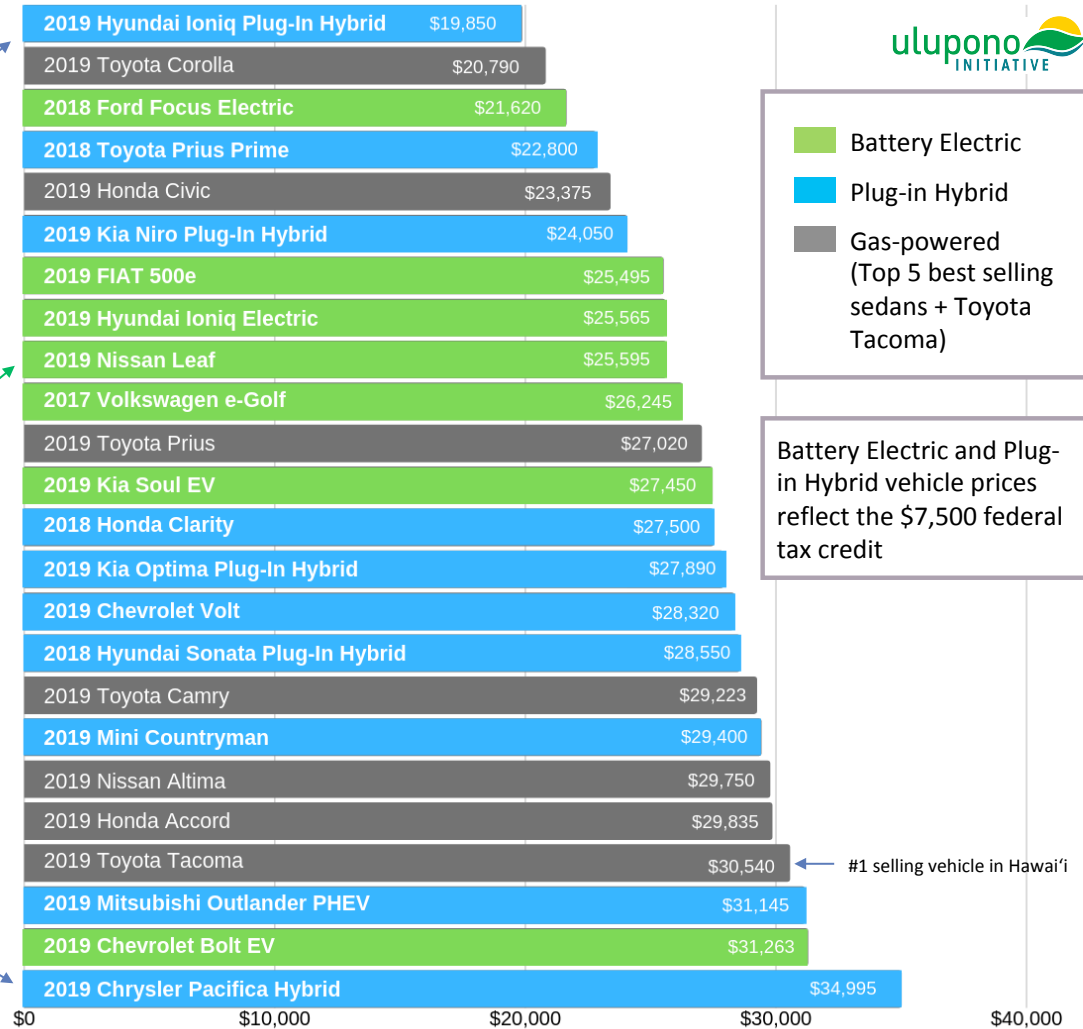
As Hawai'i's energy issues become increasingly complex and challenging, we appreciate this committee's efforts to look at policies that support clean ground transportation.

Thank you for this opportunity to testify.

Respectfully,

Murray Clay
Managing Partner

Many Affordable EV Options Non-Luxury Vehicle Models (attachment A)



Nationwide Average MSRP Data from Edmunds – January 2019

SB-409-SD-2

Submitted on: 3/13/2019 3:44:54 PM

Testimony for TRN on 3/15/2019 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Joshua Lloreta	Individual	Oppose	No

Comments:

SB-409-SD-2

Submitted on: 3/13/2019 9:21:51 PM

Testimony for TRN on 3/15/2019 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Sena Yamauchi	Individual	Oppose	No

Comments:

I STRONGLY OPPOSE of this measure as it would contradict the state's mission of addressing climate change, and "going green". Hybrid and EV owners make a conscious decision when choosing their vehicles with the intention of decreasing their carbon footprint. Additionally, Hybrid vehicles still rely on gas in combination with their electric motors, which makes the argument that Hybrid owners don't pay gas taxes invalid.

Adding a surcharge for ALL EV and Hybrid vehicles would send the wrong message to the public, letting them know that the state does not prioritize climate change. Instead, it penalizes those who are concerned with the consequences to the environment with their actions.

Please consider opposing this measure. Thank you.

SB-409-SD-2

Submitted on: 3/14/2019 6:47:46 PM

Testimony for TRN on 3/15/2019 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
christine trecker	Individual	Oppose	No

Comments:

At a time when we should be encouraging environmentally-friendly vehicles, SB409 SD2 proposes an extra fee on EVs? Makes no sense and runs counter to the State goal of 100% renewable energy by 2045. I strongly urge you to vote NO to SB409 SD2.

Thank you.

LATE