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# A BILL FOR AN ACT

RELATING TO CARBON EMISSIONS REDUCTION.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that the human-induced  
2 global climate crisis requires thoughtful but bold responses on  
3 multiple fronts to make Hawaii's communities resilient to the  
4 impacts of storms, floods, fire, and sea-level rise that  
5 threaten the very survivability of these fragile islands.

6           Hawaii has historically played a critical leadership role  
7 in protecting the environment. The legislature passed the  
8 nation's first one hundred per cent renewable electricity  
9 requirement and adopted a statewide carbon neutrality goal.  
10 Hawaii was the first state to commit to the goals of the 2015  
11 Paris Climate Agreement.

12           Hawaii's one hundred per cent renewable electricity mandate  
13 has been emulated by other states and territories, demonstrating  
14 that Hawaii's actions on climate change can in turn influence  
15 actions beyond the islands' shores. The legislature has  
16 embraced the concept of "aloha 'āina" by seeking to decarbonize  
17 Hawaii's food, energy, and transportation systems, and to



1 sequester carbon through agricultural, waste management, and  
2 ecosystem restoration systems.

3       The legislature also finds that Hawaii is nearly completely  
4 dependent on imported petroleum for its ground transportation  
5 needs. Hawaii drivers spend nearly \$2,000,000,000 annually on  
6 gasoline and diesel for their cars and trucks, and the  
7 combustion of that fuel releases approximately eleven billion  
8 pounds of climate-changing carbon dioxide into our atmosphere  
9 each year. While carbon emissions from Hawaii's electricity  
10 sector have decreased over the past decade, carbon emissions  
11 from Hawaii's ground transportation sector have increased by ten  
12 per cent. Drivers in Hawaii are increasingly choosing larger,  
13 heavier vehicles, which are often less fuel efficient.  
14 According to the Hawaii Auto Dealers Association, pickup trucks  
15 and sport utility vehicles accounted for 67.9 per cent of Hawaii  
16 vehicle sales in 2018, a sharp increase from 48.7 per cent in  
17 2012. Existing laws have not been effective in substantially  
18 reducing carbon emissions from Hawaii's ground transportation  
19 sector.



1 The legislature further finds that:

2 (1) Financial incentives can encourage automobile buyers  
3 to purchase cleaner vehicles and encourage  
4 manufacturers to offer Hawaii consumers more choices  
5 in clean electric vehicles;

6 (2) The creation of a clean vehicle incentive program is a  
7 market-based mechanism to reduce carbon emissions from  
8 motor vehicles that does not require any new vehicle  
9 emissions regulatory standards;

10 (3) One-time rebates on the purchase of new electric  
11 vehicles, which contribute far less carbon pollution  
12 than traditional fossil fuel powered vehicles, are a  
13 reasonable and appropriate method to incentivize the  
14 purchase of electric vehicles; and

15 (4) One-time taxes on the purchase of new motor vehicles  
16 that emit high amounts of carbon are a reasonable and  
17 appropriate method to disincentivize the purchase of  
18 these vehicles.

19 The purpose of this Act is to establish a market-based  
20 clean vehicle incentive program consisting of one-time rebates  
21 and one-time taxes on the purchase of new motor vehicles to



1 mitigate against vehicle carbon emissions. This program imposes  
2 an additional tax on vehicles powered solely by gasoline that  
3 obtain a fuel economy of less than thirty miles per gallon. The  
4 program also provides a rebate on eligible electric vehicles  
5 that have a manufacturer's suggested retail price of \$40,000 or  
6 less. The program is intended to be self-financing, and not to  
7 increase expenditures from or reduce revenues into the general  
8 fund.

9 SECTION 2. Chapter 196, Hawaii Revised Statutes, is  
10 amended by adding a new section to be appropriately designated  
11 and to read as follows:

12 "§196- Clean vehicle special fund. (a) There is  
13 established a clean vehicle special fund, into which shall be  
14 deposited:

- 15 (1) The gasoline-powered vehicle tax collected under  
16 section 237- ;
- 17 (2) Moneys appropriated to the fund by the legislature;  
18 and
- 19 (3) Interest earnings on all amounts in the clean vehicle  
20 special fund.



1 The clean vehicle special fund shall not be subject to section  
2 37-53.

3 (b) Moneys in the clean vehicle special fund shall be used  
4 by the department of business, economic development, and tourism  
5 to provide rebates on new electric vehicles that have a  
6 published manufacturer's suggested retail price at the time of  
7 sale, as set by a vehicle's manufacturer, of \$40,000 or less."

8 SECTION 3. Chapter 237, Hawaii Revised Statutes, is  
9 amended by adding a new section to be appropriately designated  
10 and to read as follows:

11 "§237- Gasoline-powered vehicle tax. (a) In addition  
12 to the tax levied in section 237-13(2) (A), there shall be an  
13 additional tax levied on the gross proceeds of the sale of a  
14 passenger car or pickup truck that is powered solely by  
15 gasoline, as follows:

16 (1) Three per cent if the vehicle obtains less than twenty  
17 miles per gallon based on federal Environmental  
18 Protection Agency combined ratings;

19 (2) Two per cent if the vehicle obtains at least twenty  
20 but not more than twenty-four miles per gallon based



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1           on federal Environmental Protection Agency combined  
2           ratings; and

3           (3) One per cent if the vehicle obtains more than twenty-  
4           four but not more than twenty-nine miles per gallon  
5           based on federal Environmental Protection Agency  
6           combined ratings;

7 provided that this section shall not apply to a passenger car or  
8 pickup truck that is used solely for commercial or agricultural  
9 purposes.

10           (b) The tax shall be collected and deposited into the  
11 clean vehicle special fund established under section 196- and  
12 shall be used to provide rebates on new electric vehicles that  
13 have a manufacturer's suggested retail price of \$40,000 or less.

14           (c) For the purposes of this section:

15           "Electric vehicle" shall have the same meaning as in  
16 section 291-71.

17           "Manufacturer's suggested retail price" means the published  
18 manufacturer's suggested retail price, as set by a vehicle's  
19 manufacturer, at the time of sale.

20           "Passenger car" shall have the same meaning as in section  
21 286-2.



1 "Pickup truck" shall have the same meaning as in section  
2 291-14(e).

3 (d) The department of business, economic development, and  
4 tourism shall adopt rules, pursuant to chapter 91, to effectuate  
5 the purposes of this section. The rules shall include criteria  
6 to determine whether a vehicle is used solely for commercial or  
7 agricultural purposes and therefore exempt from this section  
8 pursuant to subsection (a)."

9 SECTION 4. The chief energy officer of the Hawaii state  
10 energy office shall develop and implement a plan by December 31,  
11 2020, to distribute the proceeds from the clean vehicle special  
12 fund to support the purchase of electric vehicles pursuant to  
13 section 196- , Hawaii Revised Statutes.

14 SECTION 5. New statutory material is underscored.

15 SECTION 6. This Act shall take effect on July 1, 2020.

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JAN 22 2020





# H.B. NO. 2493

**Report Title:**

Carbon Emissions Reduction; Clean Vehicle Special Fund;  
Gasoline-powered Vehicle Tax; Rebate

**Description:**

Establishes a clean vehicle special fund to incentivize the purchase of vehicles that produce less carbon emissions by providing a rebate. Creates a graduated gasoline-powered vehicle tax to be paid by purchasers of a passenger car or pickup truck that is powered solely by gasoline and obtains only a certain number of miles per gallon.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

