

JAN 17 2020

A BILL FOR AN ACT

RELATING TO PROCUREMENT OF CONTRACTS FOR VEHICLE RENTAL.

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

1 SECTION 1. The legislature finds that Hawai'i currently has
2 over one million gasoline-powered vehicles on its roads, which
3 emit nearly five million metric tons of climate-changing carbon
4 pollution annually. Some of these vehicles are used by state
5 and county government employees in the performance of their
6 duties.

7 Electric vehicles will play an integral role in Hawai'i's
8 clean energy future and in meeting the goals set for the State
9 in reducing its greenhouse gas emissions, particularly as
10 electrical generation in Hawai'i transitions more completely to
11 renewable energy sources. Moreover, that transition to
12 renewable energy sources for electricity will reduce costs of
13 electric vehicle transportation below those for gasoline-powered
14 vehicles. Finally, electric vehicles benefit air quality by
15 eliminating the tailpipe emissions from combustion of gasoline
16 or diesel fuel.



1 Therefore, the legislature finds it beneficial to Hawai'i
2 that government employees rent electric vehicles for those
3 occasions when a vehicle must be rented for conducting
4 government business. To this end, the legislature further finds
5 that state procurement policy for contracts with car rental
6 companies should be revised to place priority on having a larger
7 pool of electric vehicles and hybrid vehicles available to rent
8 for government business.

9 SECTION 2. Chapter 103D, Hawaii Revised Statutes, is
10 amended by adding three new sections to part X to be
11 appropriately designated and to read as follows:

12 "**§103D-A Definitions.** As used in this subpart, the
13 following terms have the following meanings, unless the context
14 indicates a different meaning or intent:

15 "Available" means, that the vehicle is physically present
16 and not rented prior to the requested rental.

17 "Conventional vehicle" means a vehicle powered solely by an
18 internal combustion engine.

19 "Electric vehicle" means a vehicle powered by an electric
20 motor via electricity: (i) stored in a high capacity battery or
21 (ii) generated from an onboard fuel cell.



1 "Hybrid vehicle" means a vehicle powered by a combination
2 of an electric motor and a small internal combustion engine.

3 "Procurement office" means the Hawaii State procurement
4 office.

5 "Rental contractor" means an entity that rents, or proposes
6 to rent, vehicles to state or local employees of the State or
7 its counties under a contract established through this section.
8 Rent or rental shall include any variation of the term "lease"
9 for the purposes of this part.

10 "State employee" means an employee of the State or a
11 county, including all permanent and temporary employees of:

12 (1) The state judicial, executive, and legislative
13 branches and their respective departments, offices and
14 agencies, the state executive branch and its
15 departments or agencies; and

16 (2) The county governments and their departments, agencies
17 and offices.

18 "Suitable" means the vehicle has the performance
19 capabilities needed for the intended application, which include,
20 but are not limited to, payload and weight capacity for the job,
21 or capable of holding a charge for the time and mileage needed.



1 §103D-B Preference for the rental of electric or hybrid
2 vehicles. (a) State employees who need to rent a vehicle in
3 the discharge of official business shall rent a vehicle of one
4 of the following types, listed in order of preference:

5 (1) Electric vehicle; or

6 (2) Hybrid vehicle;

7 unless such a vehicle is not suitable for the specific travel
8 requirements or is not available at the time needed.

9 (b) The employee may rent a conventional vehicle only if:

10 (1) An electric or hybrid vehicle is not suitable, based
11 on the task or mileage requirements of the intended
12 trip; or

13 (2) Neither an electric nor a hybrid vehicle is available.

14 (c) An employee may exercise the policy preference for
15 rental of an electric or hybrid vehicle notwithstanding that
16 there may be a higher cost associated with renting an electric
17 or hybrid vehicle, so long as the cost premium is consistent
18 with any budgetary constraints, and not contradicted by an
19 existing state contract with the rental business entity from
20 which the vehicle is rented.



1 (d) A state employee shall rent a vehicle, when needed for
2 the conducting of official business, from a rental business
3 entity that has a current contract with the State pursuant to
4 103D-C, unless not possible under the circumstances of a
5 specific vehicle rental event.

6 §103D-C State procurement of vehicle rental contracts;
7 electric and hybrid vehicle preference. (a) The procurement
8 office shall execute preferred contract terms for future
9 contracts with prospective rental contractors that will
10 implement new state policy prioritizing the rental of electric
11 vehicles for use by state and county employees while on official
12 government business. This guidance shall apply to all vehicle
13 rental contracts for which invitations to bid are issued after
14 the effective date of this section.

15 (b) All invitations to bid for vehicle rental contracts
16 described in subsection (a) shall inform prospective bidders
17 that:

18 (1) The State intends to place highest priority on the
19 rental of electric vehicles and secondary priority on
20 rental of hybrid vehicles for state and county
21 employee use, with the exception of specialized uses



1 for which electric vehicles are not yet available and
2 suitable as of the date of a bid invitation; and

3 (2) Bids made in response to an invitation should provide
4 for contract terms consistent with the criteria
5 specified in subsection (c).

6 (c) Contractual terms for future contracts for rental of
7 vehicles for use by state and county employees shall be
8 consistent with the following criteria:

9 (1) The contract shall contain an acknowledgement by the
10 rental contractor of the State's priority of renting
11 electric vehicles wherever feasible; and

12 (2) The rental contractor shall have, on average, as
13 determined on a monthly basis, a sufficient number of
14 electric vehicles available and suitable for use
15 within the rental contractor's service area to meet
16 the following percentages of daily demand for vehicle
17 rentals by state and county employees for official
18 government business:

19 (A) For contracts executed in 2020 and 2021, twenty
20 per cent of daily demand for rental vehicles;



- 1 (B) For contracts executed in 2023, 2024, and 2025,
2 thirty-three per cent of daily demand for
3 rentals;
- 4 (C) For contracts executed in 2026, 2027 and 2028,
5 fifty per cent of daily demand for rentals;
- 6 (D) For contracts executed in 2029 through 2034,
7 seventy-five per cent of daily demand for rental
8 vehicles; and
- 9 (E) For contracts executed in 2035 and subsequent
10 years, ninety per cent of daily demand for rental
11 vehicles.
- 12 (3) The cost premium for rental of an electric vehicle,
13 where available and suitable for use, does not exceed
14 twenty-five per cent of the rental fee for a
15 comparable conventional vehicle.
- 16 (d) The procurement office shall employ its best efforts
17 to negotiate and finalize contracts for rental of vehicles for
18 official government business that are consistent with the
19 contractual criteria specified in subsection 103D-C(c).
- 20 (e) Notwithstanding the requirements of subsections (c)
21 and (d) of this section, the procurement office shall have



1 discretion to accept a contract from a prospective rental
2 contractor who fails to meet the minimum vehicle availability
3 and cost premium criteria of subsection (c) if:

4 (1) No acceptable bidder on the relevant invitation to bid
5 submitted proposed contract terms compliant with the
6 criteria of subsection (c);

7 (2) The prospective rental contractor demonstrates an
8 inability to acquire a sufficient number of electric
9 vehicles to satisfy the vehicle availability criterion
10 of subsection (c) due to the demand for such vehicles
11 exceeding the production output by vehicle
12 manufacturers or another compelling justification; and

13 (3) The cost premium for electric vehicles does not exceed
14 fifty percent of the rental fee for a comparable
15 conventional vehicle and does not exceed the budgeted
16 amount for vehicle rental.

17 (f) The procurement office has discretion to enter into a
18 vehicle rental contract, notwithstanding the inability of the
19 prospective rental contractor to meet the vehicle availability
20 criteria or the cost premium criterion of subsections (c) or
21 (e), if the criteria of either subsection (c) or (e), as



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1 applicable, can be met with a combination of electric and hybrid
2 vehicles."

3 SECTION 3. This Act shall take effect on July 1, 2020.

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INTRODUCED BY: Karl Rhoad

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S.B. NO. 2628

Report Title:

State Procurement; Electric Vehicle Rental for Official Business

Description:

Requires state and county employees to rent electric vehicles when on official government business and requires the State procurement office to execute future contracts consistent with specified terms.

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

