

DAVID Y. IGE
GOVERNOR



CURT T. OTAGURO
Comptroller
AUDREY HIDANO
Deputy Comptroller

STATE OF HAWAII
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES

P.O. BOX 119, HONOLULU, HAWAII 96810-0119

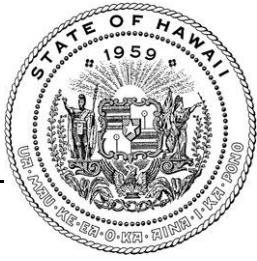
WRITTEN TESTIMONY
OF
CURT T. OTAGURO
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE
HOUSE COMMITTEE ON TRANSPORTATION
ON
FEBRUARY 13, 2019, 10:00 A.M.

H.B.238 H.D.1
RELATING TO THE STATE CAPITOL

Chair Aquino, Vice Chair Hashimoto and Members of the Committee, thank you for the opportunity to testify on H.B. 238. H.B.1

The Department of Accounting and General Services (DAGS) appreciates the revisions to H.B. 238 H.D.1. These changes would revise the current law which allows electric vehicles to move from metered stall to another metered stall in the same parking lot to avoid parking fees. This abuse has limited valuable public parking stalls from legitimate users who need to do business in the area when personal EVs are parked in the area for the whole day. The proposed changes would legitimize the free parking incentive and its intended purpose.

Thank you for the opportunity to testify on this matter



LATE

DAVID Y. IGE
GOVERNOR
MIKE MCCARTNEY
DIRECTOR

**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

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Statement of
MIKE MCCARTNEY
Director
Department of Business, Economic Development, and Tourism
before the
HOUSE COMMITTEE ON TRANSPORTATION

Wednesday, February 13, 2019
10:00 AM
State Capitol, Conference Room 423

In consideration of
HB 238, HD1
RELATING TO THE ELECTRIC VEHICLES

Chair Aquino, Vice Chair Hashimoto, and Members of the Committee. The Department of Business, Economic Development, and Tourism (DBEDT) **supports** HB238, HD1, which applies the same rules, incentives, and public purchasing priorities to fuel cell electric vehicles as to other types of electric vehicles (EVs), amends parking fee exemptions for EVs and, extends the sunset date for EVs rules and incentives by 10 years to June 30, 2030.

DBEDT supports extending the current EV incentive beyond the anticipated sunset date of June 30, 2020, to June 30, 2030.

DBEDT defers to State agencies with parking facilities for the impact of the current incentive on revenues and operations.

Thank you for the opportunity to testify.



LATE

TESTIMONY BY:

JADE T. BUTAY
DIRECTOR

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

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

February 13, 2019
10:00 a.m.
State Capitol, Room 415

H.B. 238, H.D. 1
RELATING TO ELECTRIC VEHICLES.

House Committee on Energy and Environmental Protection

The Department of Transportation (DOT) offers **comments** to H.B. 238.

To address parking abuses at State parking facilities. The DOT seeks clarification on the intent of Act 168, Session Laws of Hawaii 2012, regarding to parking fees assessed in increments longer than one twenty-four-hour day, including weekly, monthly, or annual parking permits.

The DOT is acceptable to the incentives offered on highways into the future.

Thank you for the opportunity to provide testimony.

TESTIMONY BEFORE COMMITTEE ON TRANSPORTATION

H.B. 238, HD1

Relating to Electric Vehicles

Wednesday, February 13, 2019
10:00 AM, Agenda Item # 5
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 Inc. and its subsidiaries, Hawai'i Electric Light Company, Inc. and Maui Electric Company, Limited (collectively, the "Hawaiian Electric Companies") in support of H.B. 238 HD1, Relating to Electric Vehicles. H.B. 238 HD1 takes an important step in supporting our state's transition away from imported fossil fuels by extending the sunset date from 2020 to 2030 for certain incentives authorized under Act 168, of 2012 and clarifying the eligible time periods as well as including hydrogen fuel cell vehicles as eligible for the incentives.

The Hawaiian Electric Companies are committed to supporting the state's transition towards clean transportation and considers the existing benefits for clean fuel vehicles as an important incentive towards incentivizing adoption. Reducing barriers to adoption and facilitating the electrification of transportation is one of the Company's top priorities established in our *Electrification of Transportation Strategic Roadmap*.

This bill will continue the tremendous progress that the state has made towards a cleaner and more sustainable transportation future. Accordingly, the Hawaiian Electric Companies support H.B. 238, HD1.

Thank you for this opportunity to testify.



SanHi

GOVERNMENT STRATEGIES
A LIMITED LIABILITY LAW PARTNERSHIP

DATE: February 11, 2019

TO: Representative Henry Aquino
Chair, Committee on Transportation
Submitted Via Capitol Website

RE: **H.B. 238, H.D.1 – Relating to Electric Vehicles**
Hearing Date: Wednesday, February 13, 2019 at 10:00 a.m.
Conference Room: 423

Dear Chair Aquino and Members of the Committee on Transportation:

We submit this testimony on behalf of the Alliance of Automobile Manufacturers (“Alliance”). 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.

The Alliance supports H.B. 238, H.D.1, which in addition to other amendments would extend the sunset date of Act 168 (2012) for electric vehicle parking and charging station benefits to June 30, 2030. The measure would also adopt in statute a definition for “fuel cell electric vehicle” to encourage early adoption of fuel cell electric vehicles.

Automakers have invested substantially in zero-emission vehicles, including battery electric, plug-in electric, and hydrogen-powered vehicles, and are very supportive of efforts to increase the uptake of these electric vehicles. While Hawaii has one of the highest rates of adoption of passenger electric vehicles in the nation with over 8,330 passenger electric vehicles registered in the state, this number represents less than 1% of registered vehicles on the road in the state today. Consumer incentives such as HOV lane access and free parking have been shown to increase electric vehicle uptake. This measure would encourage early adoption of hydrogen vehicles while also extending the sunset date for incentives that encourage consumer preference for electric vehicles.

Thank you for the opportunity to submit testimony in support of this measure.



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

RE: HB 238 HD1 – Relating to Electric Vehicles- In Support
Wednesday, February 13, 2019; 10:00 AM; Conference room 423

Aloha Chair Aquino, Vice Chair Hashimoto and Members of the Committee,

Servco Pacific Inc. (“Servco”) appreciates this opportunity to submit testimony in **strong support** of HB 238 HD1, which applies the same rules, incentives, and public purchasing priorities to fuel cell electric vehicles as to other types of electric vehicles; amends parking fee exemptions for electric vehicles and extends the sunset date for electric vehicle rules and incentives to June 30, 2030.

Servco introduced the Toyota Mirai fuel cell vehicle in 2016, making Hawaii the 2nd state in the U.S. to receive this zero emission vehicle. In 2018, Servco completed construction of the State’s first publicly accessible hydrogen fueling station. The station was funded solely by Servco. Producing hydrogen from water using a renewable source of electricity helps Hawaii become more self-reliant and reduces our dependency on imported oil.

By expanding the definition of an electric vehicle to include fuel cell electric vehicles, it ensures Hawaii’s commitment to a diversified partnership between fuel cells, hybrids, and all-battery electric vehicles to drastically improve transportation efficiency and reduce carbon emissions in our State.

We respectfully request your support of HB 238 HD1. The passage of this measure will demonstrate Hawaii’s commitment to utilizing all clean transportation technology available to it to reach its clean energy goals. Thank you.



LATE

TESLA'S TESTIMONY IN SUPPORT OF HB 238 H.D. 1

**being heard by the House Committee on Transportation on
Wednesday, February 13 2019 at 10:00 a.m.
Room 423**

Aloha Chair Aquino and Members of the Committee:

Thank you for the opportunity to provide testimony in support of HB 238 H.D. 1, which, among other provisions, would extend the sunset date for various benefits provided to electric vehicles (EVs) pursuant to Act 168.

Tesla's mission is to accelerate the world's transition to sustainable energy. The electrification of transportation is critical to this effort, recognizing the significant role of the transportation sector in our society's dependence on fossil fuels and the attendant challenges that dependency entails, including climate change, local air quality and public health impacts, as well as energy and economic security concerns. By adopting and extending progressive policies, like those embodied by Act 168, Hawaii can effectively encourage the adoption of EVs and help facilitate the state movement away from fossil fuels.

Studies have shown that policies like providing electric vehicles access to HOV lanes can be a significant driver of demand for electric vehicles. One such study, in California, found that HOV lane access was the primary reason for purchasing an EV or plug-in hybrids for between 38% and 57% of the drivers surveyed.¹ We believe that parking benefits, like those currently provided in Hawaii can also represent a meaningful incentive that can serve as an additional inducement for households and businesses to consider an EV over a conventional gas or diesel burning alternative.

As we start to see the Federal Electric Vehicle Tax Incentive step down and eventually go away, state policies have an ever more important role to play in driving EV adoption. For these reasons, Tesla supports HB 238 H.D. 1 which would extend the benefits currently provided to EVs by an additional ten years. Hawaii's commitment to renewable energy remains among the most ambitious in the country and the Mayoral proclamation to eliminate the use of fossil fuels from ground transportation is truly-pace setting. Achieving these ambitious goals will not be easy, but supportive policies like those this bill would extend are important enablers and should be adopted.

Thank you for the opportunity to submit this testimony.

¹ "Evaluating the Impact of High Occupancy Vehicle (HOV) Lane Access on Plug-in Vehicles (PEVs) in California"; Gil Tal, Ph.D. Michael A. Nicholas Ph.D.; Institute of Transportation Studies, UC Davis Plug-In Hybrid and Electric Vehicle Research Center. Available for download at https://policyinstitute.ucdavis.edu/files/Tal_June2014_Final.pdf



Email: communications@ulupono.com

HOUSE COMMITTEE ON TRANSPORTATION
Wednesday, February 13, 2019 — 10:00 a.m. — Room 423

Ulupono Initiative Supports HB 238 HD 1 with Comments, Relating to Electric Vehicles

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

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 manage waste and fresh water resources. 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 supports HB 238 HD 1 with comments, which:

- 1) Includes fuel cell electric vehicles as a priority for State and County agencies to seek when purchasing vehicles – **Support**
- 2) Categorizes fuel cell electric vehicles as electric vehicles and gives zero emission hydrogen vehicles the same benefits as electric vehicles – **Support**
- 3) Extends current electric vehicle benefits to 2030 (parking and high occupancy lane access) - **Support**
- 4) Reduces existing metered parking benefits for electric vehicles – **Support with Comments**
- 5) Reduces existing non-metered parking benefits for electric vehicles – **Support with Comments**, because this point will discourage the use of more efficient, cleaner forms of ground transportation

Recommended Amendments

- 4) **Reduces Existing Metered Electric Vehicle Parking Benefits – Support with Comments**

We appreciate the State's perspective and concern regarding lost revenue and abuse of the current benefits. However, we do not support a reduction in the intended benefits. Rather, we support clarifying and strengthening the intent of the original bill, which is free metered parking limited to 2.5 hours or the maximum amount of time the meter allows. We agree with the State that abuse should be mitigated, but

Investing in a Sustainable Hawai'i

in our view, reducing the intended benefits of the original bill will be detrimental to EV adoption, increase confusion, and increase complexity around implementation and enforcement. **We suggest revising the language so that EVs are restricted to the existing benefits within a single parking lot and may not take advantage of meters successively within the same parking lot.**

5) **Reduces Existing Non-Metered Electric Vehicle Parking Benefits – Support with Comments**

Again, we appreciate the State’s perspective and concern about lost parking revenue. It is also important to recognize that EVs are an avenue to address Hawai’i’s pressing climate issues and align with the State’s energy and environmental goals. Similar to above, we suggest that the State support the original intent of the bill rather than reduce benefits to those who chose a healthier, cleaner option of transportation that benefits the broader community. In reducing benefits for EV drivers, we are discounting the positive attributes EVs offer and accepting the negative impacts that such a policy choice can have, primarily decreasing the transition to cleaner, healthier transportation. **Thus, we strongly recommend limiting the benefit to no more than 24 hours, as originally intended.**

Reducing the parking benefit to only four hours will influence a major shift in behavior of EV drivers going to the Daniel K. Inouye International Airport and arguably negate the intended parking benefit for many EV drivers. In other words, reducing the benefit to four hours may be the equivalent to eliminating the benefit all together. For example, EV drivers traveling for multiple days will more than likely revert back to being picked up and dropped off, possibly by gasoline, emission-emitting vehicles, due to the high cost of multi-day parking. Even EV drivers making interisland day trips may opt to be dropped off rather than to park at the airport since their vehicles likely would be parked for longer than four hours. However, the degree of this behavior shift may also depend on how the proposal would be implemented (discussed below).

Upholding the original intent of the bill, which is to limit the benefit to 24 hours, provides benefits to those interisland day travelers and commuters while limiting the parking abuse by those traveling for multiple days. Therefore, we believe maintaining the original intent of the bill is a worthy balance rather than reducing or eliminating the benefit to most EV drivers and patrons of the Honolulu airport parking.

Furthermore, without having additional information, we strongly believe that the true cost of the EV parking benefit for the airport is likely negligible. Recent testimony suggested that the State is losing significant revenue due to EVs, particularly at the Daniel K. Inouye International Airport. As indicated above, reducing the benefit to four hours, and even 24 hours, will shift behaviors for EV

drivers who will simply not park at the airport anymore. To be fair, some travelers that drive EVs (a fraction of the current 6,500 EVs on O'ahu) may not change behavior. However, we think it is very reasonable to assume strong behavior change, even with a 24-hour limit. As a result, the true financial impact and cost of the EV parking benefit is arguably minimal.

Finally, we have concerns, particularly at the Honolulu airport, regarding implementation of the current proposal, which excludes benefits for non-metered parking longer than four hours. While implementation does not change the points above, the bill could be far more damaging to EV benefits depending on how it is implemented. More specifically, it is not clear how an EV parked at the Honolulu airport for longer than four hours would be charged:

- a) Is the EV charged the rate for the total hours parked (e.g., parked for twelve hours; charged for twelve hours, which is \$18 at the airport; no benefit is received),
- b) Is the EV charged the rate for the total hours parked less four hours (e.g. parked for twelve hours; charged for 8 hours, which is \$18 at the airport; no benefit is received), or
- c) Is the EV charged the rate for the total hours parked less the rate for four hours (e.g. parked for twelve hours; charged the cost difference between twelve and four hours of parking at the airport, which is \$9; some benefit is received)

* Note that Honolulu airport parking has a maximum daily rate of \$18 upon surpassing 5 hours of parking

In addition to following the intent of the original bill, the comments provided should also simplify the implementation and avoid different interpretations that could lead to varying charges and degrees of incentive for EVs owners.

Benefits of Electric Vehicles (EVs)

Overall, EVs are an important avenue to address Hawai'i's pressing climate issues and align with the State's health, energy and environmental goals. While Hawai'i's electric power sector continues to make progress toward its 100 percent renewable portfolio standard (RPS) mandate, our transportation sector has received little attention.

Thus, we strongly support policies that promote the increased adoption of EVs so that the community and state can reap the benefits that these clean transportation solutions provide:

- 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, which improves the health and resilience of our communities
- EV market is still nascent but prime for market acceleration
- Hawai'i should be doing more to promote EVs and EV infrastructure

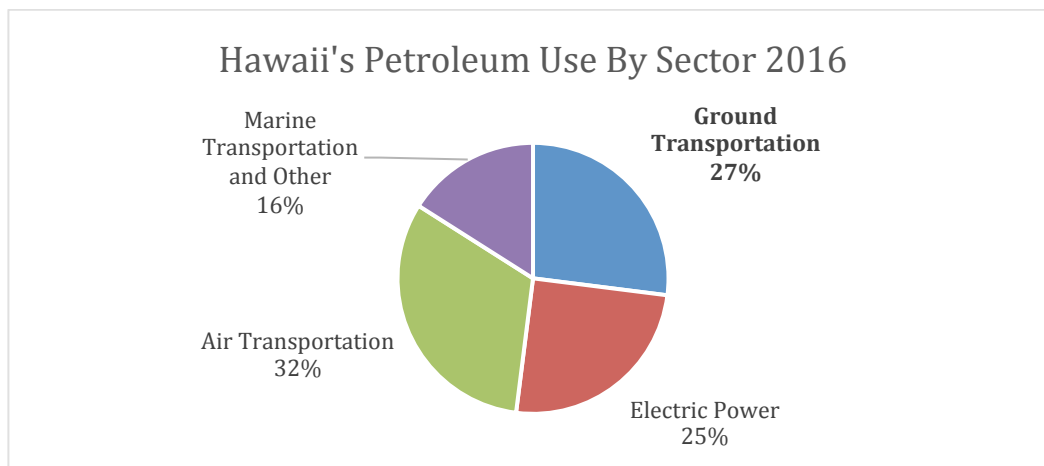
EVs Can Alleviate Hawai'i's High Cost of Living

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: Hawaii State Energy Office – Hawaii Energy Facts & Figures

Converting from petroleum-based vehicles to EVs immediately reduces GHG emissions, helping combat climate change and its impacts on our islands, as well as improving the community's health and resilience. 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.

Furthermore, EVs can 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 RPS goal, as well as contribute to the State's Paris Agreement commitments and carbon neutral goal.

EV Market Is Still Nascent But Prime For Market Acceleration

From a market perspective, EV adoption in Hawai'i has shown impressive growth, and the

state ranks second in the nation behind California in the number of EVs per capita. As of November 2018, there were more than 8,000 passenger EVs registered in Hawai'i, a 24 percent growth from the previous year. This progress is despite not having strong supporting policies as seen in other states, municipalities and countries.

Based on global and local trends, these adoption numbers are expected to increase exponentially by 2030. Major automobile manufacturers, from Volvo to Volkswagen, have announced plans to offer electric versions of all their vehicle models. Even Ford has announced plans for an all-electric F-150 pickup truck, the #1 selling vehicle in the country. Policies across the globe are further supporting this transition; in fact, Britain and France have committed to end sales of gas-powered vehicles by 2040.

However, we simply cannot wait. A new report by the United Nation Intergovernmental Panel on Climate Change warns global human-caused emissions of carbon dioxide need to fall 45 percent by 2030, and it will "require rapid, far-reaching and unprecedented changes in all aspects of society." We must be proactive and act now with strong policy.

In Closing – Collectively, Policy Needs To Support EVs and More Efficient Vehicles

While EV adoption has shown impressive growth in Hawai'i, they currently represent less than one percent of all vehicles in the state. It is far too early in the adoption curve to start reducing existing benefits for EVs, and Hawai'i must encourage this promising market.

In fact, according to the Hawai'i Natural Energy Institute's "Factors Affecting EV Adoption" report in 2015, the State of Hawai'i's EV benefits are a valuable incentive to EV owners and prospective buyers. 14 states have direct incentives to promote EV adoption - Hawai'i is the only top 10 ranked state (for EV adoption) that does not offer a direct monetary subsidy to incentivize EV usage. Therefore, any diminishment of these parking benefits could slow our progress towards the clean transportation vision of the State.

Most importantly, limiting the parking benefit sends a message that the State is not serious about climate change and does not believe in the importance of EVs in advancing its sustainability goals. There are several proposed bills in the 2019 legislative session that are EV-related, including a bill seeking to establish an EV registration fee. 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. Additionally, the bills would contradict the State's energy and environmental goals.

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 members of the committees to consider all of the bills holistically in light of the State's commitments to clean energy and the environment. By countering bills that will reduce direct incentives and hinder EV adoption with those that offer direct incentives and support EVs, the State can build on the current momentum and signal to the market that we



support clean transportation.

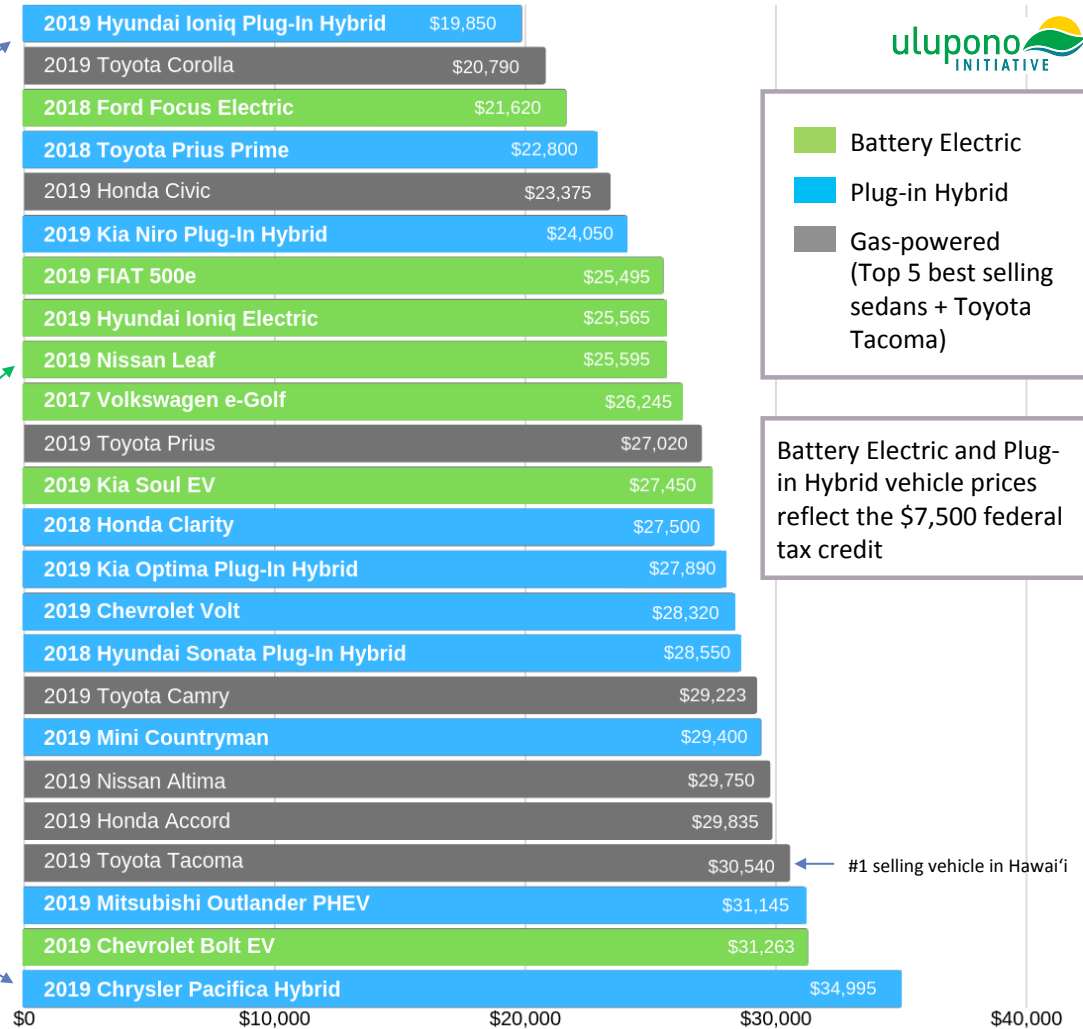
As Hawai'i's energy issues become increasingly complex and challenging, we appreciate this committee's efforts to look at policies that support clean ground transportation.

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

HB-238-HD-1

Submitted on: 2/12/2019 9:38:30 AM

Testimony for TRN on 2/13/2019 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Melodie Aduja	O`ahu County Committee on Legislative Priorities of the Democratic Party of Hawai`i	Support	No

Comments: