

DAVID Y. IGE
GOVERNOR

JOSH GREEN M.D.
LT. GOVERNOR



ISAAC W. CHOY
DIRECTOR OF TAXATION

STATE OF HAWAII
DEPARTMENT OF TAXATION
P.O. BOX 259
HONOLULU, HAWAII 96809
PHONE NO: (808) 587-1540
FAX NO: (808) 587-1560

To: The Honorable Sylvia Luke, Chair;
The Honorable Ty J.K. Cullen, Vice Chair;
and Members of the House Committee on Finance

From: Isaac W. Choy, Director
Department of Taxation

Date: February 25, 2021
Time: 11:00 A.M.
Place: Via Videoconference, Hawaii State Capitol

Re: H.B. 1142, H.D.2, Relating to Energy

The Department of Taxation (Department) offers the following comments regarding H.B. 1142, H.D. 2, for your consideration.

H.B. 1142, H.D. 2, adds a 1% General Excise Tax (GET) surcharge on gross proceeds derived from the sale of passenger cars and pickup trucks powered solely by gasoline that have a published manufacturer's suggested retail price of \$60,000 or more. The new surcharge has a defective effective date of July 1, 2050 and would be repealed on June 30, 2030.

The Department respectfully requests the new surcharge be effective no earlier than January 1, 2022 to give the Department sufficient time to amend its forms, instructions, and computer system.

Thank you for the opportunity to provide comments.

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: GENERAL EXCISE, Surcharge on Motor Vehicle Sales

BILL NUMBER: HB 1142, HD2

INTRODUCED BY: House Committee on Consumer Protection & Commerce

EXECUTIVE SUMMARY: Establishes a surcharge on the sale of high-end gasoline-powered vehicles to fund the installation of electric vehicle charging systems. Establishes electric vehicle charging system subaccount within the public utilities commission special fund. Sunsets 6/30/2030.

SYNOPSIS: Adds a new section to chapter 237, HRS, to establish an electric vehicle infrastructure incentive surcharge. The surcharge is 1 percentage point on all gross proceeds of selling a passenger car or pickup truck powered solely by gasoline that has a published MSRP of \$60,000 or more.

Amends section 237-31, HRS, to provide that remittances of the surcharge are to be deposited in a subaccount of the public utilities commission special fund (section 269-33, HRS) to fund the electric vehicle charging system rebate program established pursuant to sections 269-72 and 269-73, HRS.

EFFECTIVE DATE: 7/1/2050, repealed on 6/30/2030.

STAFF COMMENTS: This bill proposes what is essentially a tax increase on sales of gas-powered motor vehicles.

A tax increase of any magnitude in Hawaii's fragile economy will, no doubt, have a negative impact as costs soar due to higher taxes. As costs and overhead increase, employers must find ways to stay in business by either increasing prices to their customers or cut back on costs. This may take the form of reducing inventory, shortening business hours, reducing employee hours, or even laying off workers. A tax increase of any magnitude would send many companies, especially smaller ones, out of business taking with them the jobs the community so desperately needs at this time.

The proposed measure would also perpetuate the earmarking of tax revenues. Incentives for electric vehicle infrastructure may be a worthy expense if considered alone. But does that justify a GET tax hike and without going through the normal appropriation and budgeting process that also considers invasive species, unique health risks like the Wuhan coronavirus, and the aging infrastructure in our educational system?

Earmarking revenues from any tax type for a particular purpose decreases transparency and accountability.

Re: HB 1142, HD2
Page 2

Next, it should be remembered that revenues diverted for a special purpose, in this case to fund electric vehicle infrastructure, will not be counted against the state's spending ceiling or debt limit and will obscure the state's true financial condition.

Digested 2/23/2021

TESTIMONY OF
JAMES P. GRIFFIN, Ph.D.
CHAIR, PUBLIC UTILITIES COMMISSION
STATE OF HAWAII

TO THE
HOUSE COMMITTEE ON
FINANCE

February 25, 2021
11:00 a.m.

Chair Luke and Members of the Committee:

MEASURE: H.B. No. 1142 HD2

TITLE: RELATING TO ENERGY.

DESCRIPTION: Establishes a surcharge on the sale of high-end gasoline-powered vehicles to fund the installation of electric vehicle charging systems. Establishes an electric vehicle charging system subaccount within the public utilities commission special fund. Sunsets 6/30/2030. Effective 7/1/2050. (HD2)

POSITION:

The Public Utilities Commission (“Commission”) offers the following comments for consideration.

COMMENTS:

The Commission supports the intent of this measure to establish a funding source for the electric vehicle charging system rebate program.

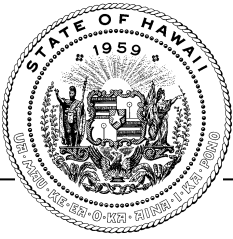
Pursuant to the recommendations of the State Auditor, the Commission is currently working to reclassify the Electric Vehicle Charging System Rebate Program Special Fund, in order to fulfill the legislative intent of Act 142 (2019) and satisfy the significant interest in the program. The Commission intends to account for these funds separately once they are transferred to the PUC Special Fund.

If this measure moves forward, the Commission requests that the Committee add language appropriating funds from the PUC Special Fund to account for administration of

the Electric Vehicle Charging System Rebate Program, along with a corresponding increase to the expenditure ceiling of the PUC Special Fund.

These amendments will authorize the Commission to spend the funds generated by the proposed electric vehicle infrastructure incentive surcharge once they are deposited into the PUC Special Fund. It is the Commission's understanding that if this measure is passed without appropriation language and a ceiling increase, the Commission will be unable to use the electric vehicle infrastructure surcharge funds to administer the rebate program.

Thank you for the opportunity to testify on this measure.



HAWAII STATE ENERGY OFFICE STATE OF HAWAII

235 South Beretania Street, 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804

Telephone: (808) 587-3807
Fax: (808) 586-2536
Web: energy.hawaii.gov

Testimony of
SCOTT J. GLENN, Chief Energy Officer

before the
HOUSE COMMITTEE ON FINANCE

Thursday, February 25, 2021
11:00 A.M.
State Capitol, Conference Room 308 &
Via Videoconference

COMMENTS in consideration of
HB 1142 HD2
RELATING TO ENERGY

Chair Luke, Vice Chair Cullen, and Members of the Committee, the Hawaii State Energy Office (HSEO) offers comments for HB 1142 HD2, which establishes a surcharge on the sale of high-end gasoline-powered vehicles to fund the installation of electric vehicle charging systems and establishes the electric vehicle charging system subaccount within the public utilities commission special fund.

HB 1142 HD2 aligns with the State's efforts to expand strategies and mechanisms to reduce greenhouse gas emissions through the reduction of energy use, adoption of renewable energy, and control of air pollution among all agencies, departments, industries, and sectors, including transportation.

Emissions from ground transportation account for the largest share of energy sector emissions in the state. As noted in the 2016 Greenhouse Gas Inventory, transportation emissions in Hawaii were at 8.69 million metric tonnes of carbon dioxide equivalents, accounting for 51 percent of total energy sector emissions. Ground transportation accounted for 47 percent of the transportation emissions. For Hawaii to meet its statutory target "to sequester more greenhouse gases than emitted as soon as practicable, but no later than 2045," programs that support the adoption of cleaner transportation options are necessary and important.

Electric vehicle charging infrastructure has been noted as a barrier to electric vehicle adoption. The electric vehicle charging system rebate program aides and encourages electric vehicle adoption by providing much needed rebates to offset a portion of the cost of installing an electric vehicle charging station at commercial facilities and multi-unit dwellings statewide. The adoption and widespread deployment of electric vehicles is essential to reduce Hawaii's dependence on fossil fuels. Expanding affordable and easily accessible electric vehicle charging infrastructure is one of the tactics identified in the Hawaii Clean Energy Initiative Transportation Energy Analysis, prepared for HSEO by the International Council on Clean Transportation, which could accelerate the adoption of electric vehicles.

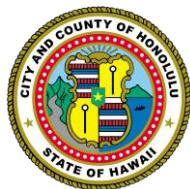
As the State develops plans to achieve a decarbonized ground transportation sector, it is important to ensure the necessary infrastructure is in place to enable all residents and visitors to address the effects of climate change to protect the State's economy, environment, health, and way of life. Preserving the electric vehicle charging system rebate program will help to achieve this goal.

Thank you for the opportunity to testify.

OFFICE OF CLIMATE CHANGE, SUSTAINABILITY AND RESILIENCY

CITY AND COUNTY OF HONOLULU

925 DILLINGHAM BOULEVARD, SUITE 257 • HONOLULU, HAWAII 96817
PHONE: (808) 768-2277 • EMAIL: resilientoahu@honolulu.gov • INTERNET: www.resilientoahu.org



RICK BLANGIARDI
MAYOR

MATTHEW GONSER, AICP, CFM
EXECUTIVE DIRECTOR &
CHIEF RESILIENCE OFFICER

THURSDAY, FEBRUARY 25, 2021, 11:00 A.M.

STATE OF HAWAII
HOUSE COMMITTEE ON FINANCE

**TESTIMONY ON HOUSE BILL 1142, HD2
RELATING TO ENERGY**

BY,

MATTHEW GONSER
EXECUTIVE DIRECTOR AND CHIEF RESILIENCE OFFICER
OFFICE OF CLIMATE CHANGE, SUSTAINABILITY AND RESILIENCY

Dear Chair Luke, Vice Chair Cullen, and Members of the Committee:

The City and County of Honolulu (City) Office of Climate Change, Sustainability and Resiliency (CCSR) **supports** House Bill 1142, HD2, which establishes a one-time electric vehicle incentive surcharge on the sale of high-end gasoline-powered vehicles to fund the installation of electric vehicle charging systems via rebate program and establishes an electric vehicle charging system subaccount within the Public Utilities Commission special fund.

On-road transportation is the third-largest greenhouse gas emission source on O'ahu,¹ making gas-powered transportation one of the largest barriers to achieving the City's goal, and complementary State goal, of net-negative carbon emissions by no later than 2045 as codified in City Ordinance 20-47. Additionally, in the City's *2020 Annual Sustainability Report*, CCSR reported that annual vehicle miles traveled on O'ahu have increased by 2.4 percent since 2015.² These facts point toward the need for widespread adoption of electric vehicles (EV), among other renewably-powered vehicles and mobility options, in order to achieve both the City's and the State's carbon neutrality goals. However, the lack of EV charging infrastructure is a major roadblock to widespread EV adoption, and practical solutions to fund additional charging infrastructure are needed.

1 O'ahu Greenhouse Gas (GHG) Emissions Inventory, <https://resilientoahu.org/energy>.

2 City and County of Honolulu, 2020 Annual Sustainability Report, Clean & Affordable Transportation, p.15, <https://resilientoahu.org/sustainability-report>.

Chair Luke and Vice Chair Cullen
HB1142, HD2
February 25, 2021
Page 2

Given that EVs represent an essential piece of the puzzle for decarbonizing the City's and the State's economies, the inadequate state of EV charging infrastructure across O'ahu, and the need for an expanded, publicly accessible EV charging network throughout the State, CCSR views HB1142, HD2 as a crucial step forward in achieving sustainability goals. Passage of bill will complement other proactive steps the City is taking to expand more equitable and public access to electric vehicles.

Thank you for the opportunity to testify in support of HB1142, HD2.



Chamber of Commerce HAWAII

The Voice of Business

**Testimony to the House Committee Finance
Thursday, February 25, 2021 at 11:00 A.M.
Via Videoconference**

RE: HB 1142, HD 2, RELATING TO ENERGY

Chair Luke, Vice Chair Cullen, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **opposes** HB 1348, HD 2 which:

The Chamber is Hawaii's leading statewide business advocacy organization, representing 2,000+ businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

The enactment of a 1% excise tax on the sale of passenger vehicles and trucks during this economic recovery phase time will undermine efforts being made to turn Hawaii's economy around. As businesses in Hawaii adjust and pivot, most continue to struggle with loss of revenue, retention of employees, especially in the trade, retail, service, and hospitality industries.

Small businesses are hardest hit as they continue to adjust and contour into unfamiliar business models which may include the purchase of vehicles to support work driven goods and service. The 1% excise tax, as proposed in HB 1348, HD 2 would be an unnecessary imposition placed especially on trade-driven businesses such as contractors, plumbers, and electricians.

While we understand the intent of this measure to advance EV usage and adoption, Hawaii's business community is at a critical point and we ask for government policies that advance relief so that businesses continue staying in business and keep employees working.

Thank you for this opportunity to provide testimony.



LiUNA!

**Testimony of the Hawaii Laborers' Union Local 368
1617 Palama Street
Honolulu, Hawaii 96817**

Meeting: House Committee on Finance
Date: February 25, 2021
Time: 11:00 a.m.

PETER A. GANABAN
*Business Manager/
Secretary-Treasurer*

ALFONSO OLIVER
President

JOBY NORTH II
Vice President

TONI FIGUEROA
Recording Secretary

JAMES DRUMGOLD JR.
Executive Board

ORLANDO PAESTE
Executive Board

JOSEPH YAW
Executive Board

MARTIN ARANAYDO
Auditor

RUSSELL NAPIHA'A
Auditor

MARK TRAVALINO
Auditor

ALFRED HUFANA JR.
Sergeant-At-Arms

RE: OPPOSITION to HB1142 HD2 Relating to Energy.

Chair Luke, Vice Chair Cullen and Committee Members,

The Hawaii Laborers' Union Local 368 is comprised of nearly 5,000 working and retired men and women across the state of Hawaii and we **OPPOSE** HB1142 Relating to Energy.

HB1142 has the potential for having great negative impacts on the construction industry as there are not affordable nor viable alternatives to gasoline powered pick-up trucks and vehicles on the market at the present time. Even if there were, the alternative in the pick-up truck class of vehicles is still so new that durability of these vehicles for daily use on construction sites has yet to be determined.

If implemented, this Bill could raise the cost to construction companies across the State thereby, increasing the cost of building in our State. A cost which would eventually be passed on to consumers seeking to buy homes in our State where affordability margins are already stretched to their limits.

Therefore, The Hawaii Laborers' Union Local 368 opposes HB1142 as it operates as a penalty to the working men and women across our State, and urge this committee to look for true incentives in the future to effectuate the change over to electric powered vehicles once the technology in these vehicle classes becomes available and/or more affordable.

Respectfully,
Ryan Kobayashi (Government Affairs)

LiUNA Local 368
1617 Palama Street
Honolulu, HI 96817
Phone: (808) 841-5877
Fax: (808) 847-7829
www.local368.org

Feel the Power



John Uekawa, President
Dave Rolf, Executive Director

HADA Testimony in OPPOSITION to HB1142 HD2
RELATING TO EV CHARGING SYSTEM PROGRAM, NEW VEHICLE SALES

Presented to the House Committee on Finance at the

Public Hearing 11 a.m. Thursday, February 25, 2021 in Room 308
VIA VIDEO CONFERENCE
Hawaii State Capitol

by David H. Rolf for the members of the Hawaii Automobile Dealers Association

Chairs Luke, Vice Chair Cullen and members of the committee:

Our association opposes this bill because it is focused on a small subset of customers -- with little direct application to the major problem cited in the bill's preamble-- and more importantly, it would lead to unevenhanded application of its proposed tax, and would have the possible result of the loss of jobs at some dealerships that sell luxury vehicles or large trucks.

First, it should be noted that 70- 75% of \$60,000+ MSRP vehicles at luxury dealerships are leased. This bill, however, refers to the application of the proposed tax on "each sale."

Leasing is a complex financial transaction with a vocabulary that is different from purchasing.

On a leased vehicle, the bill's language is unclear on where such a proposed tax would land "on all gross proceeds and gross income attributable to "each sale."

Some leasing companies collect GE tax on the monthly lease payments. This bill proposes a separate 1% surcharge (tax) on gross proceeds and gross income attributable to "each sale" on a gasoline powered vehicle that has an "original" MSRP of \$60,000 or greater.

Indeed there are multiple "sales" (at the wholesale level) within the lease transaction.

There's the original sale to the dealership (wholesale taxed at a wholesale level), and the dealership's sale to a leasing company (wholesale taxed at a wholesale level) and then the leasing contract with the customer which passes along the GE tax (retail amount) of the tax to the customer based on the amount of the monthly payment.

The proceeds on a regular sale are reduced by the value of the trade-in

Further, a sale at a dealership that involves a trade-in, lowers the taxable transaction amount by the “assigned value” of the trade-in at the dealership.

“Published” MSRP

Bill language that complicates matters further, within the language of this bill, is the term “published” MSRP which would indicate that gross proceeds and gross income received monthly by leasing companies on previous leases of gas vehicles with \$60,000 MSRP or more --dating back years, perhaps—would need to start being collected upon the passage of the bill.

Unevenhandedness in application

All of the implications of this proposed tax, which involves a variety of ill-defined gross proceeds and gross income-attributable transactions through leases, trade-in-related sales, and previous lease transactions from previous years, would lead to major unevenhandedness in the application of the is bill, confusion for the customer, and difficulties for the business, not to mention the challenges handed to the Department of Taxation to set up an additional mechanism to collect such a tax.

Finally, this bill seems to target the customers of luxury car dealerships and the customers of some dealerships that sell some large, heavily-outfitted work trucks that all fall into this \$60,000+ MSRP category.

A proponent of this bill in testimony at previous hearing stated “a Maserati buyer shouldn’t mind paying this tax” but the Maserati dealer in the testimony reminded that person, that “While I may sell Maseratismy employees don’t drive Maseratis; many of them will be affected by this bill.”

Summary

In conclusion, the bill has ambiguous ill-defined language which doesn’t encompass many aspects of a vehicle sale or a vehicle lease and most importantly, the bill will have a negative impact on our already fragile local economy and jeopardize jobs in our industry.

We respectfully ask that the committee defer HB1142 HD2.

Respectfully submitted,

David H. Rolf

For the members of the Hawaii Automobile Dealers Association .

68 new car dealerships, 4,383 direct jobs, \$5.8 billion total sales, \$269 million State Gross Excise Taxes paid



P.O. Box 520 | Aiea, HI 96701

To: Chair Luke, Vice Chair Cullen, and Members of the Committee on Finance

From: Heather Cutter
Cutter Management Co.

Date: February 25, 2021 Time: 11:00 A.M; Via Videoconference, Hawaii State Capitol

Re: HB1142 HD2, Relating to Energy

Cutter Management Co. (“Cutter”), and its various automobile dealerships, agree electric vehicles will play an integral role in Hawaii’s clean energy future. Nonetheless, Cutter **opposes** HB1142 HD2.

On its surface this bill seeks a 1% luxury tax on gas vehicles to support Hawaii’s clean energy future. However, beneath the surface HB1142 is premature at best and does not create a special fund with a transparent purpose.

For our organization, the customers who will be taxed under the proposed bill are not obtaining a luxury vehicle. Our customers include multigenerational families who need a larger vehicle/truck and local businesses including but not limited to contractors, plumbers, electricians, food delivery services, who need a commercial vehicle.

EV infrastructure is a piece of the puzzle towards the transition to electric vehicles, but HB1142 HD2 does not create an infrastructure plan, it creates a special fund for an EV infrastructure incentive program with administration costs. Currently, it is unclear who will be incentivized and who may ultimately benefit from the proposed tax? Without more details, setting up this special fund limits the public and legislature’s role in helping to develop the long-term plan for the adoption of electric vehicles.

Rather than tax residents and businesses, or at least before a tax is instituted, we request the legislature explore all options and help build the roadmap for the transition to electric vehicles. As the technology in the vehicles evolve and adoption increases, we need to know all the facts and remain flexible in developing the appropriate infrastructure. Accordingly, we respectfully request this committee to defer hearing HB 1142 HD2.

Thank you for the opportunity to testify.



Email: communications@ulupono.com

HOUSE COMMITTEE ON FINANCE
Thursday, February 25, 2021 —11:00 a.m.

Ulupono Initiative supports HB 1142 HD 2, Relating to Energy

Dear Chair Luke and Members of the Committee:

My name is Micah Munekata, and I am the Director of Government Affairs at Ulupono Initiative. We are a Hawai'i-focused impact investment firm that strives to improve quality of life throughout the islands by helping our communities become more resilient and self-sufficient through locally produced food; renewable energy and clean transportation; and better management of freshwater and waste.

Ulupono supports HB 1142 HD 2, which establishes a surcharge on the sale of high-end gasoline-powered vehicles to fund the installation of electric vehicle charging systems and establishes an electric vehicle charging system subaccount within the Public Utilities Commission special fund.

Ulupono supports Hawai'i's reduction of fossil fuel use as we strive to meet the State's 100% renewable goal by 2045. This measure seeks to make a large impact on the renewable energy goal by placing a surcharge on the purchase of gasoline-powered vehicles over \$60,000. These funds will then be reinvested into EVCS infrastructure to ensure community access to this low-cost alternative.

Ulupono finds that 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. EVs currently offer an effective option to advance clean, renewable ground transportation and provide immediate benefits to Hawai'i.

Public EV charging stations are a vital component of the EV system. They provide access to charging for drivers who may not be able to charge at home, such as residents who live in multi-unit dwellings. Public charging also alleviates range anxiety for all EV drivers, a top-cited barrier to purchasing EVs. Similar to the benefits that community solar offers to renters and apartment residents, public chargers open up the opportunity and feasibility of owning an EV to more people, increasing equity and access.

This bill is critical to progress the State's carbon emission and clean transportation goals.

Investing in a Sustainable Hawai'i

However, we suggest the legislators consider: i) allocating a portion of funds to specifically support EV charging infrastructure in lower income areas and more rural locations and ii) ensure that total funds raised best align with the intended primary use of funds.

Hawai'i Should Be Doing More

EVs are the future, but they currently only represent about one percent of all passenger vehicles in the state. Though EV sales grew by more than 40% in 2020, Hawai'i must encourage this still nascent market and be prepared with the necessary infrastructure.

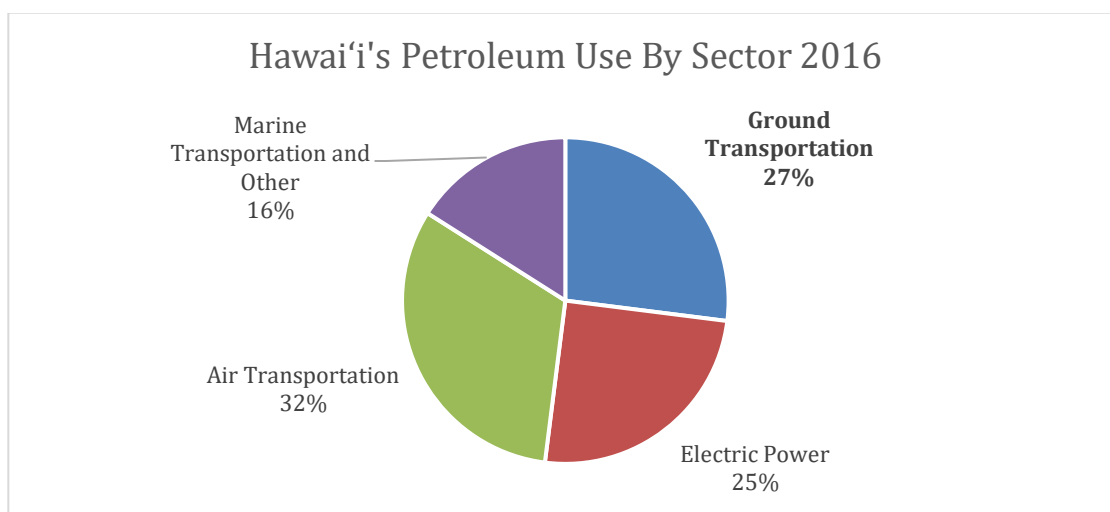
In fact, the Governor of California recently signed an executive order to eliminate the sale of new gas cars and trucks by 2035. California joins a multitude of countries and cities across Europe, as well as China and British Columbia, who have taken similar measures to eliminate the sale of new fossil fuel vehicles.

Most recently, Nissan committed to having every new vehicle in major markets (including the US) be electrified by the early 2030s, and General Motors (GM) committed to stop making gasoline and diesel cars, vans and SUVs by 2035.

The future of transportation does not depend on fossil fuels and the State of Hawai'i should continue to lead by example and further show the world that Hawai'i is serious about the sustainability and resiliency of our community by encouraging EVs as this bill proposes.

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

This bill is an important measure for the State to push for the decarbonization of our economy, while continuing to show the world that Hawai'i is a clean energy leader.

Thank you for the opportunity to testify.

Respectfully,

Micah Munekata
Director of Government Affairs



HOUSE COMMITTEE ON FINANCE

February 25, 2021, 11:00 A.M.

Video Conference

TESTIMONY IN SUPPORT OF HB 1142 HD2

Aloha Chair Luke, Vice Chair Cullen, and members of the Committee:

Blue Planet Foundation **supports HB 1142 HD2**, which establish a revenue-neutral feebate through a small surcharge on the sale of luxury gasoline vehicles priced over \$60,000 to provide funding for Hawai'i's existing electric vehicle (EV) charging system rebate program. At a time when the state budget is strapped but policy action on climate is still urgently needed, House Bill 1142 provides an innovative and revenue-neutral funding pathway for ensuring that Hawai'i's successful EV charging station rebate program continues.

Electric vehicles are the fastest growing segment of new cars in Hawai'i, even during a global pandemic. Over the past year (January 2020 – January 2021), EV registrations in Hawai'i grew 23.5%, while registrations of gasoline-powered vehicles dropped 3.2%.¹

Still, over one million gasoline-powered vehicles are on the roads in Hawai'i—and from them comes nearly five million metric tons of climate-changing carbon pollution. Although we now have over 13,000 EVs in the state, they still only make up a mere 1% of all registered vehicles in Hawai'i.² What's worse, While Hawai'i has made substantial progress on policies, programs, and actions to reduce burning fossil fuels in the electricity sector, we are falling short on decarbonizing our ground transportation sector. Greenhouse gas emissions from transportation have been climbing steadily for years prior to the coronavirus pandemic. Without deliberate and forward-thinking leadership, we risk accelerating this trend of increased transportation emissions as Hawai'i residents go back to school and the office and as tourists return, especially with lower than usual oil prices.

Building a robust, equitable, and accessible charging network

Even as the number of EVs in the state increases steadily, adequate and accessible vehicle charging infrastructure remains a roadblock to widespread EV adoption. The International Energy Agency found that “the availability of chargers emerged as one of the key factors for

¹ See DBEDT Monthly Energy Trends, <http://dbedt.hawaii.gov/economic/energy-trends-2/>.

² Ibid.

contributing to the market penetration of EVs.”³ Unlike gasoline car owners, 80% of EV drivers charge their cars at home or at work.⁴ Residents in multi-unit dwellings or condos, however, are often unable to find a place to charge, preventing them from receiving the benefits of EVs. This is a fundamental equity issue in Hawai‘i: a large segment of residents in Hawai‘i live in multi-family housing, in part because single-family homes are financially out of reach for many.

In addition, expanding access to EV charging is critical to unlock benefits for all electricity users, not just for EV drivers. Enabling EV charging during the middle of the day allows more low cost solar to be added to the grid and helps the overall energy system. When large numbers of EVs—which are essentially batteries on wheels—are connected to the electricity grid simultaneously, they can be used to help manage the system through demand response, load shifting, and other grid services. But most workplaces lack such charging infrastructure currently. How we define “workplaces” may also be shifting. With increases in remote working situations as a result of the COVID-19 pandemic, more homes could permanently morph into offices, underscoring the need to prioritize expanded charging access at both residential and commercial properties.

Ensuring that Hawai‘i’s successful EV-charging system rebate program continues at a critical time

Recognizing that a lack of charging infrastructure remains a barrier to more widespread adoption of EVs in Hawai‘i, in 2019 lawmakers established an electric vehicle charging rebate program to incentive the installation of publicly available charging stations and charging stations that serve fleets, or multiple tenants, employees, or customers. This rebate program—administered by Hawai‘i Energy with oversight by the Public Utilities Commission—has been a success. The initial funding allotted to the program is nearly fully committed as a result of pent-up demand. To date, the rebates have enabled the installation of five new Level 2 chargers and the retrofit of 30 existing Level 2 chargers and 1 DC fast charger across Kaua‘i, Honolulu, and Hawai‘i counties. But this is a fraction of the additional charging needed to prepare Hawai‘i for the auto industry’s emerging pivot to electric mobility.

By charging a small surcharge (or “fee”) on luxury gasoline vehicles, and then using the collected revenue to fund “rebates” for publicly available charging stations through an already-established and successful program, the “feebate” in HB 1142 is a revenue-neutral strategy for continuing the needed build out of Hawai‘i’s still-woefully inadequate public charging network. We note that this fee is appropriately targeting high-end luxury vehicles that directly contribute to climate change. According to the Hawai‘i Auto Dealers Association, the average vehicle price in Hawai‘i is approximately \$32,000. The majority of trucks and SUVs sold in Hawai‘i are less than the \$60,000 threshold specified in HB 1142. The most popular vehicle sold in Hawai‘i, the Toyota Tacoma, is currently below \$45,000 for nearly all versions of the vehicle.

³ *Global EV Outlook 2017*, International Energy Agency, June 2017, <https://www.iea.org/reports/global-ev-outlook-2017>.

⁴ *Ibid.*

Further, a small 1% surcharge on gasoline-powered vehicles in this high-end price range is unlikely to dramatically sway consumers to purchase vehicles out of state, as some opponents have alleged. With the exception of luxury cars priced over \$140,000, the surcharge in HB 1142 would be less than the cost to ship vehicles from out of state, and even then, imported vehicles would be subject to additional fees, paperwork, and hassle.

Vehicle MSRP	1% Surcharge
\$60,000	\$600
\$75,000	\$750
\$100,000	\$1,000

Preparing Hawai'i for the electric mobility revolution

We expect the number of registered EVs to grow substantially as new EV models with longer ranges and lower prices hit the market. This is part of global trend of governments and automakers planning for and investing in an electric mobility future. In September 2020, California made headlines when Governor Gavin Newsom signed an executive order directing the state to require **all new cars and passenger trucks sold in California to be zero-emission vehicles by 2035**, after a summer of devastating wildfires fueled by climate-change-induced extreme weather. California joined the ranks of several countries who have also recognized that fossil fuel-powered ground transportation needs to end. **France** plans to phase out gas-powered car sales by 2040. **Britain announced in November that it will ban the sale of new gasoline and diesel cars by 2030**, a decade earlier than its previous commitment of 2040. **India, Netherlands, Israel, and Denmark** have set a similar goal for 2030. And **Norway** plans to have all new cars, buses, and light commercial vehicles be zero emission vehicles by 2025.

Auto manufacturers are similarly making bold commitments to phase out fossil-fuel-powered vehicles. **General Motors—one of the world's largest automakers**—announced in January 2021 that it would phase out petroleum-powered cars and trucks and **sell only vehicles that have zero tailpipe emissions by 2035**. As a mere sampling of other examples, Ford is launching all-electric versions of its popular Mustang (launching 2021) and F-150 (expected in 2022), and Volkswagen is targeting electric options for all of its vehicle models by 2030.

House Bill 1142 is necessary to prepare Hawai'i with charging infrastructure for this influx of electric vehicles.

Conclusion

By providing additional, much-needed funding for EV charger rebates **without pulling from the general fund or other state funds**, the “feebate” in HB 1142 can accelerate Hawai'i's transition away from fossil fuel while expanding access to EV charging options—and increasing consumer confidence in choosing an EV—for the many Hawai'i residents that do not currently have access

to charging at home or at work. A robust public charging network that includes workplaces, commercial locations, and multi-family housing is a necessary component of an equitable clean transportation future. Convenient charging and clean mobility options should be available to all Hawai'i residents.

Thank you for the opportunity to provide testimony.

HB-1142-HD-2

Submitted on: 2/23/2021 9:56:41 PM

Testimony for FIN on 2/25/2021 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
amy	WeeDriveTeslallc	Support	No

Comments:

Funding EV charging infrastructure is essential to environmental standards for clean energy. It would be wise to evaluate the demand for higher level charging. The question is not, "fo we need an EV charger, but "how many EV chargers do we need...".

In support of the iniative of car rental company's going electric, I have a fleet of EV cars and run a successful boutique EV rental company. I also have been enlightened on the benefits and disadvantages this island has to face with environmental infrastructure. Investing now in our clean energy will help lower health cost for our community in the long run.

HB-1142-HD-2

Submitted on: 2/23/2021 10:35:58 PM

Testimony for FIN on 2/25/2021 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Natalie Parra	Keiko Conservation	Support	No

Comments:

We fully support this measure.

Thank you for the opportunity to submit testimony!



600 Puuloa Road | Honolulu, HI 96819 | 808.831.2600

February 24, 2021

House Committee on Finance
Chair Luke and Vice Chair Cullen
Public Hearing, 11am, February 25, 2021

Re: OPPOSITION to HB1142 HD2
Relating to 1% Tax on vehicles over \$60,000 to fund EV Charging Stations

Dear Chair Luke and Vice Chair Cullen:

I have lived in Hawaii since 2001, and am raising a family here. I have worked in the automotive dealership industry from 2001 to the present, and have a deep understanding and appreciation for all of the team members that make it function. We provide essential transportation sales and service to our customers, from all walks of life. There is a broad range of vehicles available for a broad range of uses. The majority of vehicles provide families transportation needs: assisting relatives, commuting to work and school for the extended Ohana, grocery and other essential shopping.

I have worked with Servco Pacific in the past, as Director of Corporate Development, and Senior Vice President & CFO, Australia Operations. I currently serve as CFO of JN Group. Prior to moving to Hawaii in 2001, I worked in investment banking for ten years which provides me a deeper understanding of the economy and the range of businesses that provide employment, products and services to our residents and visitors.

I have served the community in multiple ways since moving here twenty years ago, including as Director and past President of the not-for-profit business incubator HiBeam, as well as a past member of the State of Hawaii Aerospace Advisory Board based on my industry experience on that topic and investment banking background

In Hawaii, and the US, most of the luxury car brands have vehicles that are less expensive than those at non-luxury dealerships for both new and pre-owned vehicles. From my industry knowledge, there are well over 2,000 employees at the luxury dealerships on Oahu and the Neighbor Islands: Acura, Audi, BMW, Cadillac, Genesis, Infiniti, Jaguar / Land Rover, Lexus, Lincoln, Mercedes, Porsche, Volvo. Tesla

is also a luxury brand, however, Tesla employs very few employees in Hawaii since that brand has circumvented the role of the dealer advocating for and directly serving the customer. While these luxury dealerships sell the majority of vehicles under \$50-60,000, the higher priced vehicles also allow the business to operate. Land values and rents are very high in Hawaii and it takes a balanced business to be sustainable.

From my experience, if the proposal in this bill is passed, it will result in a significant reduction in sales, as well as margins, since customers can only absorb so much tax. This will result in significant reductions in workforce, in my estimate up to 50% of the 2,000 employees at the luxury car dealerships (excluding Tesla's minimal HI employee count, one of which is a full time lobbyist). During the tough months of March and April 2020, we saw a 30+% reduction in sales, and this resulted in us having to furlough approximately half of our employees. Despite this, we still absorbed significant losses in those months.

The bill will also impact the 'daily driver' brands that provide larger vehicles for families' shared transportation. Outside of the luxury dealerships listed above, I would estimate at least an additional 2,000 jobs in jeopardy from this bill.

If you are looking at maximizing tax revenues to reduce our State & County debts, I also urge you to look at doing a better job at collecting taxes on private party retail and fleet pre-owned vehicle sales. Including the time value of funds due to the cost of the State and Counties borrowing on its deficit spending, this alone could add approximately \$1 billion in tax revenues in the next 10-12 years. This approach also has the significant added benefit of not reducing employment in Hawaii in an already very challenging business and personal/family environment.

Thank you for your understanding in voting No on this bill.

Regards,
Eric Clark
Chief Financial Officer

Hawaii Electric Vehicle Association

PO BOX 6310
Hilo, HI 96720
hawaiidriveelectric@gmail.com



February 24, 2021

Dear Chair Luke, Vice-Chair Cullen, and Finance Committee members,

Hawaii Electric Vehicle Association is in SUPPORT of HB1142 HD2 and offers a recommendation to ensure that we don't penalize customers of trucks and vans not yet readily available in electric vehicle form.

In order for Hawaii to achieve its sustainable transportation and climate goals, it must quickly electrify its ground transportation. Thankfully, automakers are heeding the demand for zero-emission vehicles and are providing consumers with a wider choice of affordable electric vehicles (EVs). This addresses a couple of important barriers to adoption - relatively high prices and a low number of makes and models.

Another important barrier to address is our inadequate public charging infrastructure. This is now becoming the key to the broader adoption of EVs in Hawaii. Without adequate public charging, EV adoption will falter. Importantly, this issue will get in the way of the democratization of sustainable transportation. Much of Hawaii's ALICE (Asset Limited, Income Constrained, Employed) and low-income communities don't have the luxury of home charging. By expanding our public charging infrastructure, we enable all segments of our community to enjoy the economic and environmental benefits of electric vehicles.

Thus, we need to facilitate the installation of public charging stations. One way to accomplish this is to continue to provide site or property owners with rebates to help cover the cost of charging station installation. This rebate program has enabled the installation of several charging stations across the state over the past few quarters.

We are supportive of HB1142 HD2 as it offers a means to fund the rebate program while incentivizing the purchase of zero-emission vehicles. **However**, we feel that the MSRP threshold and eligibility requirements need to be tuned to ensure that the surcharge does not create hardships for small businesses and contractors that rely on trucks and other large vehicles not currently available in the zero-emission form. Please consider an exception for these situations.

Thank you for your support of HB1142 HD2.

Sincerely,

A handwritten signature in black ink, appearing to read "Noel Morin", with a long horizontal line extending to the right.

Noel Morin - President

Hawaii EV Association is a grassroots non-profit group representing electric vehicle owners in Hawaii. Our mission is to accelerate the electrification of transportation through consumer education, policy advocacy, and electric vehicle charging infrastructure expansion. For more information, please visit hawaiiev.org.



Before the House Committee on Finance
Thursday, February 25, 2021, 11:00am

Testimony Providing Comments on HB1142 HD2: Relating to Energy

Chair Luke, Vice-Chair Cullen, and Members of the Committee:

Thank you for the opportunity to provide comments on House Bill 1142 HD2.

Hawai'i Energy works to empower island families and businesses on behalf of the Hawai'i Public Utilities Commission (PUC) to make smart energy choices to reduce energy consumption, save money, and pursue a 100% clean energy future. Energy efficiency is the cheapest option to help us achieve our 100% clean energy goal by eliminating waste and being more efficient.

Under the Hawai'i Public Utilities Commission's direction, Hawai'i Energy has been managing the electric vehicle charging station (EVCS) rebate program that was funded in 2019 by the State Legislature and signed by the Governor as Act 142. Launched in January 2020, Act 142's total funding of \$400,000 is applicable to the installation of new or the retrofit of existing Level 2 chargers and DC Fast Chargers (DCFC) that are publicly available and completed by June 30, 2021. The incentive was even highlighted by Plug-In America as a main reason why Hawai'i is ranked #14 in its "Top 25 States Supporting the EV Driver" report, just released this month.¹

To date, the program has provided \$140,500 rebates, resulting in the installation of five (5) new Level 2 chargers and the retrofit of 30 existing Level 2s and one (1) DCFC in Kaua'i, Honolulu and Hawai'i counties. There are currently \$241,000 worth of rebates in progress, and should all of these applications come through, they will result in an additional 37 EVCS being installed. There is currently \$6,500 available in the program which ends on June 30, 2021 and we are still seeing high levels of customer interest. Based on 13 months of administering the EVCS rebate under Act 142, the current annual funding requirement is about \$200,000.

To help make EVCS available to more drivers, Hawai'i Energy is also currently offering an affordable housing bonus rebate, which provides additional funding via the Public Benefits Fee to affordable housing developers. If the EVCS rebate is able to continue, we would be willing to extend our bonus rebate through our current Triennial contract with the Public Utilities Commission that expires in June 2022.

Thank you for the opportunity to provide comments on HB1142 HD2.

Sincerely,
Brian Kealoha
Executive Director
Hawai'i Energy

¹ "Top 25 States Supporting the EV Driver," Plug-In America, February 2021 - <https://pluginamerica.org/policy/top-25-states-supporting-the-ev-driver/>



February 25, 2021

11:00 a.m.

VIA VIDEOCONFERENCE

Conference Room 308

To: House Committee on Finance

Rep. Sylvia Luke, Chair

Rep. Ty J.K. Cullen, Vice Chair

From: Grassroot Institute of Hawaii

Joe Kent, Executive Vice President

RE: HB1142 — RELATING TO ENERGY

Comments Only

Dear Chair and Committee Members:

The Grassroot Institute of Hawaii would like to offer its comments on HB1142, which would establish a surcharge on the sale of high-end gasoline-powered vehicles.

We are gravely concerned about the impact of this surcharge and the many fees, tax increases, and surcharges that have been proposed this legislative session. Hawaii residents are already among the most taxed in the country; the state has the [second highest overall tax burden](#) in the U.S.

That high tax burden contributes to Hawaii's cost of living and is one of the reasons why so many Hawaii residents have been leaving in search of greater opportunities elsewhere.

Given the state's already-high tax burden, there is never a good time to raise taxes. But this proposal comes at an especially bad time. Hawaii is still in a state of emergency, tourism has slowed to a trickle, businesses are closing and unemployment is high. The economy will take years to recover from the pandemic and lockdowns. The last thing Hawaii residents and businesses need at this point is a tax hike.

There are myriad reasons policy makers should be wary of implementing tax hikes at this time. Here are just a few:

>> Hawaii cannot sustain a hike in taxes since its already-damaged economy was hit harder by the lockdowns than any other state in the nation.¹

>> State lawmakers increased taxes and fees substantially following the Great Recession of 2007-2008,² despite a windfall in revenues from an economic boom over the past decade. Taxes and fees ballooned on motor vehicles, transient accommodations, estates, fuel, food, wealthy incomes, property, parking and businesses.

>> Hawaii's population reduction of 21,879 people since fiscal 2016³ has left Hawaii's remaining taxpayers with a greater tax burden.

>> Hawaii businesses are already bracing for an automatic tripling, on average, of the state unemployment tax.⁴ The UI tax rate depends not only on individual employer's claims experiences but also on the overall health of the state's unemployment insurance fund, which is hundreds of millions of dollars in the red.⁵

>> Hawaii already has a regressive general excise tax that disproportionately hits the poor.⁶

>> Hawaii has a progressive income tax that taxes high-income earners at 11%, second only to California at 13.3%.⁷ Hawaii's top 1% already pays 23% of all income taxes in the state.⁸

>> Closing tax exemptions would amount to a tax hike for Hawaii businesses already facing a steep spike in their unemployment insurance taxes.

¹ Dave Segal, "[Hawaii's unemployment rate hit nation-high 15% in September](#)," Honolulu Star-Advertiser, Oct. 20, 2020.

² "[Tax Acts \(by Year\)](#)," Tax Foundation of Hawaii, accessed Feb. 8, 2021.

³ "[Annual Estimates of the Resident Population for the United States, Regions, States, and the District of Columbia: April 1, 2010 to July 1, 2020 \(NST-EST2020\)](#)" U.S. Census Bureau, Population Division, December 2020.

⁴ "[State unemployment tax slated to automatically triple in 2021](#)," Grassroot Institute of Hawaii, Nov. 16, 2020.

⁵ "[UI Budget](#)," United States Department of Labor, Employment & Training Administration, Feb. 8, 2021.

⁶ "Rich States, Poor States: ALEC-Laffer State Economic Competitiveness Index: "[Sales Tax Burden](#)," American Legislative Exchange Council, 2021. Note that Hawaii does not have a sales tax, but a state general excise tax that is levied on almost all goods and services, and imposed multiple times throughout the production chain.

⁷ Katherine Loughhead, "[State Individual Income Tax Rates and Brackets for 2020](#)," Tax Foundation, Feb. 4, 2020.

⁸ "[Hawaii Individual Income Tax Statistics](#)," Hawaii Department of Taxation, December 2020, Table 13A.

>> Increasing Hawaii's lowest-in-the-nation property-tax rates⁹ would result in a much higher overall tax bill compared to other states because Hawaii residents uniquely pay for public education through the general fund as opposed to property taxes.¹⁰ Additionally, Hawaii's low property taxes are balanced out by the highest housing costs in the nation,¹¹ which results in a \$1,236 average annual property tax per capita, which is only slightly below the national average of \$1,617.¹²

Hawaii needs leadership that will stabilize the current financial crisis, reduce unsustainable long-term costs and lower the cost of living. Balancing the books without tax increases or future debt could send a message that Hawaii is a good place for businesses and future generations, and this could help the economy thrive while motivating people to return to the islands.

If the state needs more revenues, policymakers should focus on growing the economy. In our current condition, even small economic gains would have big effects.

Hawaii's residents and businesses need a break from new taxes, fees, surcharges and tax hikes. This is not the time to make Hawaii a more expensive place to live and do business.

Thank you for the opportunity to submit our comments.

Sincerely,

Joe Kent
Executive Vice President
Grassroot Institute of Hawaii

⁹ John Keirnan, "[Property Taxes by State](#)," WalletHub, Feb. 25, 2020.

¹⁰ Janis Magin, "[Hawaii lawmakers seek to add new property tax to fund teacher pay](#)," Pacific Business News, Jan. 27, 2020.

¹¹ "[Average House Price by State in 2020](#)," The Ascent, Aug. 4, 2020.

¹² Janelle Cammenga, "[How Much Does Your State Collect in Property Taxes per Capita?](#)," Tax Foundation, March 11, 2020.



**Hawaiian
Electric**

**TESTIMONY BEFORE THE HOUSE COMMITTEE ON
FINANCE**

HB 1142, HD 2

Relating to Energy

February 25, 2021

11:00 AM, Agenda Item # 21

State Capitol, Conference Room 308 / VIDEO CONFERENCE

June Chee

Program Manager, Electrification of Transportation
Hawaiian Electric Company, Inc.

Aloha Chair Luke, Vice Chair Cullen, and Committee Members,

My name is June Chee and I am testifying on behalf of Hawaiian Electric Company **in support of the intent of HB1142 HD2**, Relating to Energy.

The Company supports the intent of this measure to establish an electric vehicle infrastructure incentive program to contribute funding toward charging infrastructure that will help meet the State's climate change goals and support the expected increase in electric vehicles. The Company also recognizes that during this challenging economic time, such a surcharge may create added burden to some businesses that are considering purchasing commercial vehicles as part of their recovery efforts.

In 2019, Hawaiian Electric conducted its Electric Vehicle Critical Backbone Study, which looked at the forecasted need for public and private electric vehicle charging infrastructure in the next 10 years. The backbone study projected a need of seven times more public charging by 2030 and an even greater need for private commercial and residential charging. This insight helped the Company focus its planning for the coming influx of electric vehicles through electrification of transportation programs such as EV-

specific rates to encourage daytime charging; an electric bus make ready infrastructure pilot; a request to expand our public charging network; and our proposed Charge Ready Hawai'i pilot. The Charge Ready Hawai'i program will provide make ready infrastructure support to commercial properties, fleet owners, and multi-unit dwellings, which are key locations that serve EV charging needs of current and future EV drivers. The current EV charging system rebate program administered by Hawaii Energy has proven to be successful, widely adopted, and needed to encourage further EV and EV infrastructure adoption. The EV charging system rebate program offers cost-share for the Charge Ready Hawai'i pilot making EV infrastructure installation even more cost-efficient for participants.

Hawaiian Electric Company remains committed to EV strategies that are sustainable and help create a bridge to a cleaner future. Thank you for this opportunity to testify.



February 24, 2021

Hawaii State House Committee on Finance
Chair Luke and Vice Chair Cullen

Subject: **OPPOSITION** to **HB 1142: Relating to EV Charging System Program, New Vehicle Sales**

By Michael D. Niethammer,

Dear Chair Luke and Vice Chair Cullen:

I STRONGLY OPPOSE HB 1142 because of the “**Cause and Effect**” such a “tax bill” will have on Hawaii’s economy, our small businesses and our fellow residents.

Additional Taxes will create another “incentive” for people to buy their vehicles on the mainland, which will enable them to “**Avoid**” the proposed “1% Tax” and “General Excise Tax”.

THE EFFECT

- 1) This will hurt local small businesses revenue, due to an “uneven playing field” given to mainland companies.
- 2) This will reduce the income of local employees and even lead to reductions of jobs at dealerships.
- 3) This will reduce the personal state income taxes paid by small business owners and their employees.
- 4) This will reduce the amount “GET” collected on the sales of Vehicles.
- 5) This will reduce the amount money spent on personal and business related “Goods and services” and “GET”, by local business owners and their employees.

SOLUTIONS

I fully agree that we as a state need to increase the number of EVs charging stations in order to accommodate the coming demand of the Electric Vehicle market, and there has to be a fair and equitable way to pay for it.

We need a mechanism which can enforce laws already in place which ensure that everyone is paying their fair share. .

In addition it is estimated that there are approximately 100,000 “Private Party” used car sales in Hawaii annually. It is a “dirty little secret” that the most of private party sales, there is no GET collected. The state of California collects all state tax at the date of registration or title transfer, either at DMW, AAA and several other locations. See the example below which illustrates the amount of revenue that can be created, and this doesn’t include new cars purchased from the mainland and shipped in to avoid paying tax.

Example

100,000 Private Party Used Sales
\$15,000 Average Sale Price
4.712% General Excise Tax
\$78,680,000 in State Revenue

This is a fair and reasonable way to enforce existing laws, create revenue which is already supposed to be collected and help Hawaii transition into energy independence.

Respectfully submitted,

Michael D. Niethammer
President
King Windward Nissan, Kaneohe, HI
Infiniti of Honolulu, Honolulu, HI
King Auto Center, Lihue, Kauai, HI



SanHi

GOVERNMENT STRATEGIES

A LIMITED LIABILITY LAW PARTNERSHIP

DATE: February 23, 2021

TO: Representative Sylvia Luke
Chair, Committee on Finance

FROM: Tiffany Yajima / Curt Augustine

RE: **H.B. 1142, HD2 – Relating to Energy**
Hearing Date: Thursday February 25, 2021 at 11:00 a.m.
Conference Room: 308

Dear Chair Luke, Vice Chair Cullen, and members of the Committee on Finance:

On behalf of the Alliance for Automotive Innovation (“Auto Innovators”) we submit this testimony in **opposition** of H.B. 1142, HD2, which would establish a 1% surcharge tax on gasoline-powered vehicles with an MSRP of \$60,000 or over to fund the state electric vehicle charging system rebate program.

The Alliance for Automotive Innovation is the singular, authoritative and respected voice of the automotive industry. Focused on creating a safe and transformative path for sustainable industry growth, the Alliance for Automotive Innovation represents the manufacturers producing nearly 99 percent of cars and light trucks sold in the U.S. Members include motor vehicle manufacturers, original equipment suppliers, technology, and other automotive-related companies and trade associations.

While the intent of this measure is to tax so-called “high-end” gasoline-powered vehicles, the greatest financial impact of this bill is on residents who require large vehicles, like pick-up trucks and vans for work and family needs. This tax not only would raise the overall cost of vehicle fleets used by businesses but would also raise the cost of vehicles typically purchased by families and working individuals.

Automobile manufacturers support the state’s effort to grow Hawaii’s EV charging network but are concerned that this measure would disproportionately impact the construction and agriculture sectors, as well as other sectors of business that utilize large vehicles such as trucks and vans in their fleets. Currently, the only pick-up trucks available for sale in the U.S. are gasoline powered. In fact, there is only one minivan and one large SUV available that are not “powered solely by gasoline.” With no electric alternatives currently available, the majority of drivers of pick-up trucks and vans would be subject to the tax with no other vehicle options to meet their work and family needs. Contractors, plumbers, electricians, tradesmen, farmers, and other workers who utilize these larger vehicles for business would be disproportionately impacted by this measure. Additionally, families and other consumers with special interests who require larger vehicles would be negatively impacted by this fee.

The \$60,000 price point in this measure also appears to be arbitrarily set and automakers are concerned that vehicles priced below this figure may be unintentionally included in the tax as consumers add various options to their vehicles. These options are not frivolous add-ons, but can include important features like all wheel drive, navigation systems, engine/transmission upgrades, driver assist systems, and other advanced life-saving technologies. Consumers may forego these important add-ons to stay under the price point established by this bill.

Moreover, we are concerned that some consumers may altogether forego buying newer, safer, and more environmentally friendly vehicles, opting instead to purchase used vehicles or hold onto their older less environmentally friendly vehicles with lower fuel economy and outdated safety features to avoid the additional tax established in this bill. For vehicles priced below this threshold, we are concerned that consumers may forego important safety add-ons or will hold on to used vehicles longer to avoid the additional tax. This could lead to increased accidents on our roads and ultimately will not meet the state's environmental goals because new vehicles are safer and more fuel efficient than used vehicles.

This additional fee would also take effect in July 2021 and sunset nine years later in 2030, over which time the price of cars will naturally increase due to inflation thereby increasing the number of vehicles subject to the tax.

By assessing the surcharge on only gas-powered vehicles at an arbitrary price point, this measure assumes that higher priced vehicles are detrimental to the environment. There is no logical connection between price and environmental harm. Many of the most fuel-efficient full-size vehicles cost more than the \$60,000 threshold in this bill. The higher cost brought on by the surcharge could result in many cost-conscious consumers purchasing less fuel-efficient vehicles to avoid the additional fee.

In addition, the proposition of a "one-time surcharge" could impact the total amount of sales tax the state collects from vehicle sales. As with any purchase, the sale of more expensive vehicles yields more sales tax revenue for the State. The "one-time surcharge" provision could discourage consumers from purchasing vehicles subject to this additional tax.

Finally, we are concerned that this measure establishes an artificial divide between vehicles that will and will not be subject to a tax surcharge. This divide will influence consumer decisions in such a way that will ultimately impact revenue streams and negatively impact local automobile dealers who are still recovering due to the pandemic.

For these reasons we strongly oppose this measure and respectfully ask the committee to hold this bill. Thank you for the opportunity to submit this testimony.



TESTIMONY REGARDING HB1142, HD2
House Committee on Finance
February 25, 2021 at 11:00 AM

Aloha Chair Luke, Vice Chair Cullen, and Members of the Committee:

Thank you for the opportunity to provide testimony on HB1142, HD2 which would impose a one percent surcharge on passenger cars and trucks powered solely by gasoline with a MSRP of \$60,000 or greater. Up to \$500,000 in surcharge revenue would fund an existing electric vehicle (EV) infrastructure program overseen by the Public Utilities Commission (PUC); any additional revenues would be deposited in the state's general fund.

Tesla supports this bill and commends the author for tackling the largest source of greenhouse gas and air pollutants in the state by proposing a mechanism that addresses the externalities of vehicle pollution and funds much needed EV charging infrastructure.

Hawai'i Construction Alliance

P.O. Box 179441
Honolulu, HI 96817
(808) 220-8892

February 25, 2021

The Honorable Sylvia Luke, Chair
The Honorable Ty J.K. Cullen, Vice Chair
and members
House Committee on Finance
415 South Beretania Street
Honolulu, Hawai'i 96813

RE: OPPOSITION for HB1142 HD2 Relating to Energy

Dear Chair Luke, Vice Chair Cullen, and members:

The Hawai'i Construction Alliance is comprised of the Hawai'i Regional Council of Carpenters; the Laborers' International Union of North America, Local 368; the Operative Plasterers' and Cement Masons' Union, Local 630; International Union of Bricklayers & Allied Craftworkers, Local 1; and the Operating Engineers, Local Union No. 3. Together, the member unions of the Hawai'i Construction Alliance represent 15,000 working men and women in the basic crafts of Hawai'i's construction industry.

Currently, the only pick-up trucks available for sale in the U.S. are gasoline-powered. With no electric alternative, the majority of our members driving pick-up trucks and vans would be subject to the tax with no other vehicle options to meet their work needs.

Alliance members and the contractors that employ them utilize these larger vehicles and would be disproportionately impacted by this measure.

Additionally, with 72% of the vehicles sold in Hawaii being trucks or SUVs, larger family vehicles, that our members own and drive, usually exceed \$50,000 and even \$60,000, so this tax will impact a much broader group of families living on a budget.

Given the outsized role that construction and development is playing in Hawaii during COVID, we believe that measures that directly impact the industry should be shelved in order to pave the way for the state's economic recovery.

Therefore, we strongly ask for your committee's favorable action on HB1142 HD2.

Mahalo,



Nathaniel Kinney
Executive Director

Hawai'i Construction Alliance
execdir@hawaiiconstructionalliance.org



600 Puuloa Road | Honolulu, HI 96819 | 808.831.2600

February 24, 2021

House Committee on Finance
Chair Luke and Vice Chair Cullen
Public Hearing, 11am, February 25, 2021

Re: **OPPOSITION to HB1142 HD2**
Relating to 1% Tax on vehicles over \$60,000 to fund EV Charging Stations

Dear Chair Luke and Vice Chair Cullen:

JN Group represents 26 automotive and motorcycle brands. We are locally owned and operated in Hawaii for over 60 years. We recognize a collaborative approach is needed to address Hawaii's transition to a cleaner energy future, and EVs will be a component of a more comprehensive solution. However, we are **OPPOSED to HB 1142 HD2**.

With all the uncertainty this pandemic has brought, and the significant decline in our business, we were faced with having to furlough half of our employees at the end of March 2020. This has been challenging for us, the many small businesses who rely on our operations, and of course, our furloughed employees and their families.

Any additional tax, which will have a negative impact on the affordability of our products, will discourage planned purchases of more fuel efficient and hybrid technology vehicles. In turn, this will have a negative impact on our already struggling business to get back to normality and full employment.

Although we may sell vehicles over \$60,000, we employ locals from all backgrounds and economic demographics who rely on our business success to support their families. This bill is regressive, **tax revenue will decline and their jobs will be lost.**

1. According to the U.S. EPA, since 2004 CO2 emissions have decreased 23%, while fuel economy has increased 29% or 5.6 mpg. An increase in taxes will discourage consumers to transition to more fuel-efficient vehicles, thus not accelerating the decrease of CO2 emissions as they hold off on major purchases. <https://www.epa.gov/automotive-trends/highlights-automotive-trends-report#Highlight1>

2. The average age of a vehicle on the road is 11.9 years, and 1 out of 4 are over 16 years old according to IHS Market which tracks registrations in every State. 10 years ago, it was 10.6 years and in 2002 it was 9.6 years. This is a trend where people are keeping their vehicles longer which are not as fuel efficient as newer technologically enhanced automobiles. Increasing the cost of conversion by adding more taxation on new vehicles IS NOT going to get less efficient vehicles off the road.
3. Manufacturers continue to invest in technology improving Fuel Efficiency, Hybrid Technology, and EV Research and Development. Technology is expensive, and there is a long development process to bring vehicles to Market. We believe in EVs as being part of the solution, but not the entire solution on its own.
 - a. Currently our manufacturers are not able to provide EVs on any significant level as evidenced by the (5) Chevrolet EV Bolts we at JN Chevrolet were provided out of (458) total vehicles we sold in 2020. This was entirely a result of limited manufacturing capacity and availability to dealers.
 - b. Hawaii dealers do not manufacture EVs, nor can we rely on building an entire business model on EVs at this time.
 - c. It is not prudent to over invest in infrastructure when the technology is still evolving. Today's technology will not be tomorrow's!
4. Multi-generational family living is translated to multi-generational vehicle use. As a result, full size trucks and SUVs have been a utilitarian staple for families who share one vehicle for work, taking their kids to school, grocery shopping, and everyday life.
 - a. With 72% of the vehicles sold in Hawaii being trucks or SUVs, larger family vehicles do often exceed \$60,000. This tax will impact a much broader group of families living on a budget.
5. TESLA is the largest user of EV charging stations and place the largest burden/demand on our utility grid of any manufacturer. TESLA should contribute and invest in EV Charging Stations since they are the #1 beneficiary and place the greatest demand on our resources. Most of our electricity in Hawaii is provided through fossil fuel production, thus the greater demand TESLA places on our grid, the greater fossil fuel production is needed by our utility. They are just moving the CO2 emissions from one stack to another, and TESLA is a major contributor to this negative impact.

- a. 1762 TESLA models were sold in 2020 or 3.8% of the 4.9% total share in Hawaii. This is 78% of the sales in the State.
 - b. The current price of TESLA models is significantly higher than traditional forms of transportation. TESLA and these customers can afford to share in the investment in the infrastructure they primarily benefit from. Passing on the cost or taxing everyone else but TESLA is not equitable.
 - i. The Model 3: Base Price without options \$37,990 to \$54,990. With options \$65,990.
 - ii. The Model Y: Base Price without options \$41,990 to \$59,990
 - iii. The Model S: Base Price without options \$79,990 to \$139,990
 - iv. The Model X: Base Price without options \$89,990 to \$119,990
6. While small local businesses were struggling, laying off employees, and Hawaii auto dealers were losing \$100s of thousands of dollars a month, TESLA had its valuation increase 743%. From a paltry \$90 Billion in March 2020 to \$783 Billion this past week!
- a. Yet the Federal and State Governments continue to provide them tax subsidies or incentives without having them contribute to the infrastructure they financially benefit from.
 - b. TESLA's revenue and profits leave the State of Hawaii, while their CEO lives in Texas and has no connection to the people of Hawaii, our community, or the long-term goodwill which local businesses provide.
 - c. While in 2019 in Hawaii, the (68) Hawaii Automobile Dealers created 7,177 jobs, had sales of \$5.8 Billion, had a payroll of \$279 Million, creating an average salary of \$63,817 in annual earnings. This generated \$694 Million in State and Federal Income Taxes and \$269 Million in State Sales Tax.
7. Whether it's HB 1142 which taxes 1% on any non-EVs over \$60,000, or SB1309 which proposes a Luxury Tax of 10% on non-EVs over \$60,000, creating disincentives will impact an already fragile industry struggling to come back to prior year levels in sales and employment.
- a. There is a direct correlation to increases in taxes on large consumer goods and the decline in the Automotive Industry and Employment. Take the Federal Luxury Tax of 10% which was imposed from 1991 to 2002 on

vehicles over \$30,000, which captured far more than Luxury vehicles with price escalations with all vehicles over a 10 year period.

- i. This was imposed during challenging economic times, and the industry immediately saw a 23% decline in new vehicle registrations, from 16 Million registrations down to 12.3 Million in a mere 2 years.
 - ii. Eventually President Bill Clinton and Congress began eliminating the tax on many industries 2 years later citing a loss in jobs. Let us not make the same mistake here in Hawaii.
8. Consumers will look to conduct their business out of the State of Hawaii. With other States not imposing a 1% Tax on \$60,000 and a 10% Luxury Tax on \$60,000, consumers will look to circumvent paying any taxes here in Hawaii.
 - a. Buying Local will no longer be a priority for consumers. Not only is it a loss of business to Hawaii dealers, but also lost tax revenue to the State and eventually job losses to our locals.
 - b. Online tools provided by mainland dealers and eBay provide customers methods to circumvent buying from local dealerships and vendors.
9. Alternative Revenue: Lost opportunities from collecting General Excise Tax on Private Party Sales of Used Vehicles at the time of registration has a greater impact on improving Tax Revenue. This can be done at the DMV when Registration and Title is transferred.
 - a. This also applies to Private Parties registering New and Used Vehicles brought in from Out of State to Hawaii. This is like what is practiced in California and will capture consumers wanting to avoid paying Hawaii taxes on both NEW and USED vehicles from Out of State.

Example

100,000 Private Party Used Sales Annually (not including vehicles brought into Hawaii)
\$15,000 Average Sale Price
4.712% General Excise Tax
\$70,680,000 in State Revenue Annually

10. Uncollected Road Tax on EVs and Private Party General Excise Taxes including the time value of money will total nearly \$1 Billion over 10 years.

- a. See attached road map which can be used to support various efforts in a collaborative transition to Hawaii's cleaner energy future.

Being born and raised here in Hawaii, I have hope we will leave this a better place for our children. I understand the need to challenge everyone in creating a cleaner energy future. To do this requires collaborative and realistic planning, understanding our constraints, and working together to navigate around the obstacles ahead of us. Theoretical tax policy like HB 1142 HD2 and SB 1309 is deconstructive to our local economy, misaligned with its responsible parties, and does not achieve the desired outcome of converting consumers to EVs in any meaningful way due to supply and technology constraints outside of the control of local Hawaii dealers. For the benefit of Hawaii, I respectfully oppose HB 1142 HD2.

Sincerely,



Brad Nicolai
President

Enclosure

Forecast of Tesla's in Operation in Hawaii and Foregone Road Tax (Gas Tax)

Note: these numbers only include Tesla which has a 75%+ marketshare of all EVs in Hawaii; all EVs would be 25% higher

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Tesla's in operation in Hawaii	9,120	12,312	16,621	22,439	30,292	40,894	55,207	74,530	100,616	135,831
avg mpg of non pure-EV	22	23	24	25	26	27	28	29	30	31
* includes all used cars, entire car population										
Miles / year										
State of Hawaii Gas Tax (per Tax Foundation)	\$ 0.463									
Federal Gas tax current per gallon	\$ 0.184									
Total Tax / Gallon of which HI is	\$ 0.647									
	\$ 0.463									

Foregone Hawaii Taxes to be Born by Families & all Hawaii Businesses, grossed up for Tesla 75% marketshare in EV segment	\$ 3,069,626	\$ 3,963,822	\$ 5,128,194	\$ 6,646,140	\$ 8,627,201	\$ 11,215,361	\$ 14,599,996	\$ 19,030,340	\$ 24,834,594	\$ 32,445,195
Cumulative Subsidy	\$ 3,069,626	\$ 7,033,448	\$ 12,161,642	\$ 18,807,782	\$ 27,434,982	\$ 38,650,343	\$ 53,250,340	\$ 72,280,680	\$ 97,115,274	\$ 129,560,469
Including Federal Tax Burden	\$ 3,217,536	\$ 4,154,818	\$ 5,376,296	\$ 6,966,384	\$ 9,042,902	\$ 11,755,773	\$ 15,303,497	\$ 19,947,316	\$ 26,031,248	\$ 34,008,566
Cumulative Subsidy	\$ 3,217,536	\$ 7,372,354	\$ 12,747,650	\$ 19,714,034	\$ 28,756,936	\$ 40,512,708	\$ 55,816,205	\$ 75,763,522	\$ 101,794,770	\$ 135,803,335

Based on the above assumption, taxpayer subsidy of Pure EV owners, which today are 75% luxury cars based on price

1 Car Analysis
 avg life 11.7 miles per year
 avg mpg of all cars 22.0
 HI total tax \$ 2,954 per car, lifetime
 Total tax including Federal \$ 4,128 per car, lifetime

Private Party Used Car GET Not Charged by State	Units / Year in Hawaii	Average Transaction Price	Total Dollar Volume	x HI Sales tax rate of 4.5% grossed up for 'tax on tax'	Cumulative GET Not Charged by State
	100,000	\$ 15,000	\$ 1,500,000,000	\$ 70,537,500	\$ 70,537,500
	15,000	\$ 15,150	\$ 227,250,000	\$ 10,282,125	\$ 80,819,625
	1,591,968,060	\$ 1,591,968,060	\$ 2,545,300,000	\$ 115,490,520	\$ 196,310,145
	1,689,574,869	\$ 1,689,574,869	\$ 2,840,045,495	\$ 128,802,227	\$ 325,112,372
	79,452,258	\$ 79,452,258	\$ 1,241,713,139	\$ 55,877,195	\$ 883,989,567
	374,642,928	\$ 374,642,928	\$ 585,190,670	\$ 26,371,780	\$ 1,148,161,547
	402,077,911	\$ 402,077,911	\$ 613,998,452	\$ 27,614,921	\$ 1,425,776,468
	7,036,363	\$ 7,036,363	\$ 105,549,973	\$ 4,775,978	\$ 1,470,352,446
	409,114,274	\$ 409,114,274	\$ 613,998,452	\$ 27,614,921	\$ 1,425,776,468
	699,969,175	\$ 699,969,175	\$ 1,049,953,763	\$ 47,248,924	\$ 1,517,025,392
	12,249,461	\$ 12,249,461	\$ 184,741,769	\$ 8,361,586	\$ 1,601,787,008
	712,218,635	\$ 712,218,635	\$ 1,068,826,233	\$ 47,997,285	\$ 1,649,784,293
	814,297,461	\$ 814,297,461	\$ 1,224,946,145	\$ 55,122,727	\$ 1,704,907,020
	14,250,206	\$ 14,250,206	\$ 213,753,037	\$ 9,602,389	\$ 1,714,509,409
	828,547,667	\$ 828,547,667	\$ 1,249,461,145	\$ 56,215,757	\$ 1,770,725,166
	938,939,059	\$ 938,939,059	\$ 1,408,826,233	\$ 63,907,285	\$ 1,834,632,451
	16,431,434	\$ 16,431,434	\$ 246,968,495	\$ 11,123,586	\$ 1,845,756,037
	955,370,492	\$ 955,370,492	\$ 1,425,776,468	\$ 64,663,117	\$ 1,910,419,185

Cumulative EV plus Private Party Taxes NOT Charged by State
 x HI cost of debt of 1.75% (estimate)
 Total Cost to HI Taxpayers, individuals, families, businesses

10 Year Cumulative Foregone / Not Charged Taxes from EV's and Private Party Car Sales \$ 955,370,492



600 Puuloa Road | Honolulu, HI 96819 | 808.831.2600

February 23, 2021

Committee on Energy and Environmental Protection
Chair Lowen and Vice Chair Marten

**OPPOSITION to HB 1142: Relating to EV Charging System Program, New Vehicle Sales.
Taxing 1% on any non-EV vehicle over \$50,000.**

Dear Chair Lowen and Marten:

My name is James Simon,

I have lived in Hawaii for over 20 years and have worked for JN for over 6 years now. This last year has been incredibly difficult for everyone on many levels with COVID-19 being especially devastating to our lives and families. Over the course of the last year I have seen many companies desperately attempting to survive economically and have witnessed this first hand as an employee of JN Automotive. I have seen fellow friends and coworkers layed off and unfortunately in many cases completely lost their employment. In some cases friends and coworkers who didn't outright lose their employment still had to have their hours cut back. This has placed a tremendous financial and economic hardship on all of us. Together the difficulties we have all experienced over the course of this last year and the sacrifices that so many of us have had to make gives us reason to take pause and consider carefully the costs involved not just short term but long term as well before any legislative action that will further harm and place unnecessary burden on the hard working people and families of Hawaii.

Because of this conviction I must stand firm in opposition to HB 1142.

Respectfully,

James Simon
Systems and Network Administrator
JN Automotive Group



February 24, 2021

House Finance Committee
Chair Luke & Vice Chair Cullen

Re: Opposition to HB1142 HD2: Relating to EV Charging System Rebate Program; New Vehicle Sales. Taxing 1% on any non-EV vehicle over \$60,000.

Dear Chair Luke, Vice Chair Cullen and Members of the Committee:

On behalf of New City Nissan, a Nissan dealership located in Honolulu on the island of Oahu, I write to respectfully **oppose HB1142 HD2**.

New City Nissan is one of seven Nissan dealerships in the state of Hawaii. We are locally owned and have operated in Hawaii for over 25 years. Like many other local dealerships, we understand that a collaborative approach is needed in order for Hawaii to achieve its sustainable transportation and climate goals, with EVs playing a huge role in that goal. However, we are **OPPOSED** to HB1142 HD2.

The past year was challenging for many small businesses across the state, including local dealerships. Unfortunately, due to the pandemic and all the uncertainty surrounding it, many local dealerships were faced with the harsh reality of having to furlough employees that we have considered family. This bill would create even more market disruption for local businesses, ultimately causing more jobs to be lost.

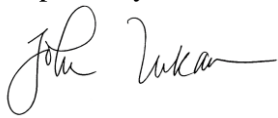
Negative impacts of the bill include:

1. Inadvertently encouraging the purchases of older, less fuel-efficient vehicles through a tax on new, more fuel-efficient vehicles, therefore increasing CO2 emissions. Manufacturers continue to invest in technology improving fuel efficiency. Thus, new vehicles are more fuel-efficient than older vehicles. Also, the trend is for consumers to hold onto their vehicles for a longer period of time. Combining these two trends and the fact that consumers are going to actively avoid paying this tax, consumers may either turn to the used vehicle market to avoid the tax or hold off on purchasing a new vehicle, therefore continuing to use their less fuel-efficient vehicles for a longer period of time.
2. Sending new vehicle purchasers to other states instead of local dealerships to avoid paying the tax. Consumers will look for ways to avoid paying this new tax and will conduct their business outside the State of Hawaii. One way would be if the consumer purchases the vehicle from another state, then ships the vehicle to Hawaii. Ultimately the consumer avoiding this tax, but hurts the State of Hawaii as a whole.
3. Creating a loss of business for local dealerships that can lead to more job losses because consumers are purchasing their vehicles outside the State of Hawaii to avoid this new tax. With less new vehicles sold by local dealerships, the local dealerships will then be forced to let go more employees. Creating a bigger strain on Hawaii's fragile economy.

4. Creating loss of state tax revenue since consumers are looking outside the state to make their new vehicle purchases. Thus, the State of Hawaii would not only be losing out on the revenue from this proposed tax, but also the Hawaii GET as these new vehicle purchases are no longer being made in the State.
5. Sending a dispiriting message to local businesses and families as this bill is creating a vehicle tax during a down economic time. Consumers purchase vehicles to meet their needs. For example, multi-generational family living is the norm in the State of Hawaii. With bigger families to transport, larger vehicles have been the staple in Hawaii. Larger family vehicles tend to be pricier. Therefore, this tax would also impact multi-generational families.

In conclusion, this bill creates a significant negative impact on local consumers, family businesses and the local economy. We humbly ask that this bill be deferred.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "John Uekawa". The signature is fluid and cursive, with a long horizontal stroke at the end.

John Uekawa
New City Nissan, President



February 24, 2021

Dear Chair Luke, Vice-Chair Cullen, and Finance Committee members,

[Think B.I.G.](#), a nonprofit accelerating resiliency, equity and sustainability for the Big Island of Hawaii, supports **HB1142 HD2** and offers a recommendation to ensure that we don't penalize customers of trucks and vans not yet readily available in electric vehicle form.

In order for Hawaii to achieve its sustainable transportation and climate goals, it must quickly electrify its ground transportation. Thankfully, automakers are heeding the demand for zero-emission vehicles and are providing consumers with a wider choice of affordable electric vehicles (EVs). This addresses a couple of important barriers to adoption - relatively high prices and a low number of makes and models.

Another important barrier to address is our inadequate public charging infrastructure. This is now becoming key to the broader adoption of EVs in Hawaii. Without adequate public charging, EV adoption will falter and democratization of sustainable transportation.

Much of Hawaii's ALICE (Asset Limited, Income Constrained, Employed) and low-income communities don't have the luxury of home charging. By expanding our public charging infrastructure, we enable all segments of our community to enjoy the economic and environmental benefits of electric vehicles.

Thus, we need to facilitate the installation of public charging stations and at lower costs for charging. One way to accomplish this is to continue to provide site or property owners with rebates to help cover the cost of charging station installation. This rebate program has enabled the installation of several charging stations across the state over the past few quarters.


We are supportive of HB1142 HD2 as it offers a means to fund the rebate program while incentivizing the purchase of zero-emission vehicles.

However, we feel that the MSRP threshold and eligibility requirements need to be tuned further to ensure that the surcharge does not create hardships for small businesses and contractors that rely on trucks and other large vehicles not currently available in zero-emission models. Please consider an exception for these situations.

Thank you for your support of HB1142 HD2.


Think B.I.G.

Sincerely,



Tam Hunt, Think B.I.G.



Mercedes-Benz of Honolulu

February 19, 2021

818 Kapiolani Boulevard
Honolulu, HI 96813
PH: (808) 592-5600
FAX: (808) 592-5619

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-First State Legislature
Regular Session of 2021
State of Hawaii
Committee on Energy & Environmental Protection



RE: Testimony and opposition to HB1142 HD1

Sir:

While we understand the State of Hawaii is in dire need of improving its tax revenue, we should review our tax codes and look for opportunities in tax income lost due to loopholes or inconsistent application of tax codes/laws instead of creating more tax codes to impose on businesses in the State of Hawaii.

When I was a salesperson at Volvo Hawaii earlier in my career, I witnessed the decline of automotive sales in Hawaii when the luxury tax was imposed. Although consumers continued to purchase cars, they found other ways to avoid or circumvent paying the 10% luxury tax. Sales declined significantly and caused a negative domino effect on other small local businesses that depended on us to sell cars.

HB1142 HD1, which proposes a 1% GE tax surcharge on non-EV with a manufacturer's suggested retail price of more than \$60,000.00, will have a significant impact on our businesses and ultimately affect our employees. We struggle to avoid layoffs as we continue to navigate through the pandemic. With these taxes imposed, we will have to cut expenses and implement layoffs. This will further burden our overheated unemployment insurance benefit system and further stymie our economic recovery as these laid off employees will have limited income to spend and stimulate the economy.

Although consumers will continue to purchase cars, they will look for alternatives to avoid paying higher taxes. This bill incentivizes them to avoid the dealerships who impose and collect the 4.712% GE tax. This bill will motivate them to shop online at sites like eBay Motors or through private owners since neither of them will impose the GE tax of 4.712%. Or, in a worst case scenario, they will purchase and finance vehicles out of state, thus stimulating another states economy – more taxes and more jobs. Other states like California, Nevada and Oregon require a Tax Clearance Letter before DMV transfers the title to new ownership.

Let's look at these opportunities to correct and apply tax codes consistently instead of stepping over dollars to pick pennies. This bill will not serve our communities and create a more diversified economy for the State of Hawaii. For the benefit of the State of Hawaii, we respectfully oppose HB1142 HD2.

Sincerely,

Dennis Rademacher
General Manager
Mercedes-Benz of Honolulu and Maui
drademacher@fjhawaii.com
808-592-5675

HB-1142-HD-2

Submitted on: 2/23/2021 2:55:52 PM

Testimony for FIN on 2/25/2021 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Robert Woliver	Individual	Support	No

Comments:

1142.

TO: House Committee on Finance

SUBJECT: Support for HB 1142, Feebate for EV charging, [February 25, 2021, 11:00 AM](#) hearing

Aloha Chair Luke, Vice Chair Cullen, and members of the Committee,

I am testifying in support of HB 1142, which creates a revenue-neutral feebate program to fund rebates for EV charger systems.

This is an important measure that would help fund the existing and successful rebate program that helps businesses, apartment buildings, and other locations afford EV charging systems for their customers and residents. By establishing a small 1% fee on luxury gasoline-powered vehicles, HB 1142 can help address one of the major challenges we face in transitioning to clean transportation: expanding public charging options for those that don't currently have access to EV charging at home or at work.

Without additional funding, we could lose the successful EV-charger rebate program. Carbon emissions from transportation in Hawaii have been steadily climbing for years, and unlike other states across the country, Hawaii lacks strong policy or incentives to reverse this trend.

Please pass HB 1142 to support Hawaii's clean transportation future.

Thank you for considering my testimony.

Robert Woliver

Kaneohe, HI 96744

HB-1142-HD-2

Submitted on: 2/23/2021 2:57:34 PM

Testimony for FIN on 2/25/2021 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Denise Boisvert	Individual	Support	No

Comments:

Dear House Committee on Finance members,

I am in STRONG SUPPORT of HB1142.

The strategy proposed to fund rebates for EV charger systems with a revenue-neutral "feebate" program is brilliant! Affordable EV chargers are essential in Hawaii's quest to be less dependent on fossil fuels and to reduce dangerous carbon emissions.

Please move this revenue-neutral bill forward for the future of our state and the environment.

Sincerely,

Denise Boisvert

Waikiki

HB-1142-HD-2

Submitted on: 2/23/2021 3:03:26 PM

Testimony for FIN on 2/25/2021 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Kim Jorgensen	Individual	Support	No

Comments:

Aloha,

Please approve and advance HB1142. It is a perfect way to create funding for more affordable EV chargers which will, in turn, encourage more drivers to choose EVs!

Mahalo for your kind consideration.

HB-1142-HD-2

Submitted on: 2/23/2021 3:47:36 PM

Testimony for FIN on 2/25/2021 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Brijit Reis	Individual	Support	No

Comments:

I am testifying in support of HB 1142, which creates a revenue-neutral feebate program to fund rebates for EV charger systems.

HB-1142-HD-2

Submitted on: 2/23/2021 4:07:58 PM

Testimony for FIN on 2/25/2021 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Douglas Perrine	Individual	Support	No

Comments:

Hawaii's transition to clean transportation is being crippled by the lack of adequate charging infrastructure. Please pass HB1142 to help remedy this critical deficit.

HB-1142-HD-2

Submitted on: 2/23/2021 4:19:46 PM

Testimony for FIN on 2/25/2021 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
B.A. McClintock	Individual	Support	No

Comments:

I am testifying in support of HB 1142, which creates a revenue-neutral feebate program to fund rebates for EV charger systems.

This is an important measure that would help fund the existing and successful rebate program that helps businesses, apartment buildings, and other locations afford EV charging systems for their customers and residents. By establishing a small 1% fee on luxury gasoline-powered vehicles, HB 1142 can help address one of the major challenges we face in transitioning to clean transportation: expanding public charging options for those that don't currently have access to EV charging at home or at work.

Without additional funding, we could lose the successful EV-charger rebate program. Carbon emissions from transportation in Hawaii have been steadily climbing for years, and unlike other states across the country, Hawaii lacks strong policy or incentives to reverse this trend.

Please pass HB 1142 to support Hawaii's clean transportation future.

Thank you for listening!

HB-1142-HD-2

Submitted on: 2/23/2021 5:04:44 PM

Testimony for FIN on 2/25/2021 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Ana Giliberti	Individual	Support	No

Comments:

I support this bill, because our EV charging system needs to be supported and updated, and this supports a transition towards renewable energy, and addresses the most important issue of our time - climate change. Thanks!

HB-1142-HD-2

Submitted on: 2/23/2021 6:11:12 PM

Testimony for FIN on 2/25/2021 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
John K Cheever	Individual	Support	No

Comments:

TO: House Committee on Finance

SUBJECT: Support for HB 1142, Feebate for EV charging, February 25, 2021, 11:00 AM hearing

Aloha Chair Luke, Vice Chair Cullen, and members of the Committee,

I am testifying in support of HB 1142, which creates a revenue-neutral feebate program to fund rebates for EV charger systems.

From Forbes, Jan. 29, 2021:

The Biden Administration Makes The Move To Electric Vehicles

"Joe Biden has [announced](#) that he has [signed an executive order](#) that will require [the replacement of the entire fleet of federal vehicles](#) with [US-built electric cars, vans and trucks](#); in all, some 645,000 nationwide."

We have a chance to lead the nation in this crucial step to lower our dependence on fossil fuels. Luxury car owners can afford this small fee that will lead to so much public benefit.

This is an important measure that would help fund the existing and successful rebate program that helps businesses, apartment buildings, and other locations afford EV charging systems for their customers and residents. By establishing a small 1% fee on luxury gasoline-powered vehicles, HB 1142 can help address one of the major challenges we face in transitioning to clean transportation: expanding public charging options for those that don't currently have access to EV charging at home or at work.

Without additional funding, we could lose the successful EV-charger rebate program. Carbon emissions from transportation in Hawaii have been steadily climbing for years, and unlike other states across the country, Hawaii lacks strong policy or incentives to reverse this trend.

Please pass HB 1142 to support Hawaii's clean transportation future.

Thank you for considering my testimony.

John Cheever

Honolulu, HI 96821

HB-1142-HD-2

Submitted on: 2/23/2021 6:48:55 PM

Testimony for FIN on 2/25/2021 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Cheryl Nakamura	Individual	Support	No

Comments:

I am testifying in support of HB 1142, which creates a revenue-neutral feebate program to fund rebates for EV charger systems.

This is an important measure that would help fund the existing and successful rebate program that helps businesses, apartment buildings, and other locations afford EV charging systems for their customers and residents. By establishing a small 1% fee on luxury gasoline-powered vehicles, HB 1142 can help address one of the major challenges we face in transitioning to clean transportation: expanding public charging options for those that don't currently have access to EV charging at home or at work.

Without additional funding, we could lose the successful EV-charger rebate program. Carbon emissions from transportation in Hawaii have been steadily climbing for years, and unlike other states across the country, Hawaii lacks strong policy or incentives to reverse this trend.

Please pass HB 1142 to support Hawaii's clean transportation future.

Thank you for considering my testimony.

HB-1142-HD-2

Submitted on: 2/23/2021 6:54:04 PM

Testimony for FIN on 2/25/2021 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Don McLeish	Individual	Support	No

Comments:

Aloha Chair Luke, Vice Chair Cullen, and members of the Committee,

I am testifying in support of HB 1142, which creates a revenue-neutral feebate program to fund rebates for EV charger systems.

This is an important measure that would help fund the existing and successful rebate program that helps businesses, apartment buildings, and other locations afford EV charging systems for their customers and residents. By establishing a small 1% fee on luxury gasoline-powered vehicles, HB 1142 can help address one of the major challenges we face in transitioning to clean transportation: expanding public charging options for those that don't currently have access to EV charging at home or at work.

Without additional funding, we could lose the successful EV-charger rebate program. Carbon emissions from transportation in Hawaii have been steadily climbing for years, and unlike other states across the country, Hawaii lacks strong policy or incentives to reverse this trend.

Please pass HB 1142 to support Hawaii's clean transportation future.

Thank you for considering my testimony.

HB-1142-HD-2

Submitted on: 2/23/2021 6:57:33 PM

Testimony for FIN on 2/25/2021 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Judith A Mick	Individual	Support	No

Comments:

Please support a bill that will help Hawaii move towards clean transportation energy.

Thank you. Aloha, Judy Mick, Kailua

HB-1142-HD-2

Submitted on: 2/23/2021 7:45:04 PM

Testimony for FIN on 2/25/2021 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
albert fung	Individual	Support	No

Comments:

EV cars will replace gas powered cars and a we need infrastructure that will support EV charging in the future.

GM (and other manufacturers) have already announced stopping production of gas vehicles by 2035.

HB-1142-HD-2

Submitted on: 2/23/2021 7:48:01 PM

Testimony for FIN on 2/25/2021 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Laura Jackson Coury	Individual	Support	No

Comments:

Sample testimony:

TO: House Committee on Finance

SUBJECT: Support for HB 1142, Feebate for EV charging, February 25, 2021, 11:00 AM hearing

Aloha Chair Luke, Vice Chair Cullen, and members of the Committee,

I am testifying in support of HB 1142, which creates a revenue-neutral feebate program to fund rebates for EV charger systems.

This is an important measure that would help fund the existing and successful rebate program that helps businesses, apartment buildings, and other locations afford EV charging systems for their customers and residents. By establishing a small 1% fee on luxury gasoline-powered vehicles, HB 1142 can help address one of the major challenges we face in transitioning to clean transportation: expanding public charging options for those that don't currently have access to EV charging at home or at work.

Without additional funding, we could lose the successful EV-charger rebate program. Carbon emissions from transportation in Hawaii have been steadily climbing for years, and unlike other states across the country, Hawaii lacks strong policy or incentives to reverse this trend.

Please pass HB 1142 to support Hawaii's clean transportation future.

Thank you for considering my testimony.

[Sign your full name, and list your city, state, and zip code]

HOW TO SUBMIT TESTIMONY:

When:

Please submit testimony **BY 11:00 AM, WEDNESDAY, FEBRUARY 24TH.**

The process for submitting testimony is a little different this year — here is what you need to know about this new virtual process:

Set up an account:

Make sure that you've set up an account on the legislature's website. All that's required is an email address and password. This will allow you to submit online testimony, receive hearing notices, and track bills through the process.

[Register me now!](#)

How to submit testimony online, and request to offer oral testimony.

HB 1142

I am a resident of Kailua and own an electric car. I have been driving electric for over 6 years now. I am testifying in support of HB 1142, which creates a revenue-neutral feebate program to fund rebates for EV charger systems.

I believe this is an important measure that would help fund the existing and successful rebate programs that helps businesses, apartment buildings, and other locations afford EV charging systems for their customers and residents.

By establishing a small 1% fee on luxury gasoline-powered vehicles, HB 1142 can help address one of the major crises on our planet, and will help Hawaii address the challenges we face in transitioning to clean transportation: expanding public charging options for those that don't currently have access to EV charging at home or at work.

Without additional funding, we could lose the successful EV-charger rebate program. Carbon emissions from transportation in Hawaii have been steadily climbing for years, and unlike other states across the country, Hawaii lacks strong policy or incentives to reverse this trend.

Please pass HB 1142 to support Hawaii's clean transportation future, and to address the issue of climate change.

Mahalo for considering my testimony.

Laura Jackson Coury

HB-1142-HD-2

Submitted on: 2/23/2021 8:09:32 PM

Testimony for FIN on 2/25/2021 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Ronald FitzGerald	Individual	Support	No

Comments:

Please support HB-1142 to support EV adoption and charging.

HB-1142-HD-2

Submitted on: 2/23/2021 8:23:15 PM

Testimony for FIN on 2/25/2021 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Scott Kidd	Individual	Support	No

Comments:

TO: House Committee on Finance

SUBJECT: Support for HB 1142, Feebate for EV charging, [February 25, 2021, 11:00 AM](#) hearing

Aloha Chair Luke, Vice Chair Cullen, and members of the Committee,

I am testifying in support of HB 1142, which creates a revenue-neutral feebate program to fund rebates for EV charger systems.

This is an important measure that would help fund the existing and successful rebate program that helps businesses, apartment buildings, and other locations afford EV charging systems for their customers and residents. By establishing a small 1% fee on luxury gasoline-powered vehicles, HB 1142 can help address one of the major challenges we face in transitioning to clean transportation: expanding public charging options for those that don't currently have access to EV charging at home or at work.

Without additional funding, we could lose the successful EV-charger rebate program. Carbon emissions from transportation in Hawaii have been steadily climbing for years, and unlike other states across the country, Hawaii lacks strong policy or incentives to reverse this trend.

Please pass HB 1142 to support Hawaii's clean transportation future.

Thank you for considering my testimony.

Scott Kidd 600 Queen St, Honolulu, HI 96813

HB-1142-HD-2

Submitted on: 2/23/2021 9:10:33 PM

Testimony for FIN on 2/25/2021 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Jared	Individual	Support	No

Comments:

I am in support of HB1142 HD1 as it offers a means to fund the rebate program while incentivizing the purchase of zero-emission vehicles. However, we feel that the MSRP threshold and eligibility requirements need to be tuned to ensure that the surcharge does not create hardships for small businesses and contractors that rely on trucks and other large vehicles not currently available in the zero-emission form. Please consider an exception for these situations.

HB-1142-HD-2

Submitted on: 2/23/2021 9:40:14 PM

Testimony for FIN on 2/25/2021 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
calvin wong	Individual	Support	No

Comments:

Aloha Chair Luke, Vice Chair Cullen, and members of the Committee,

I am testifying in support of HB 1142, which creates a revenue-neutral feebate program to fund rebates for EV charger systems.

This is an important measure that would help fund the existing and successful rebate program that helps businesses, apartment buildings, and other locations afford EV charging systems for their customers and residents. By establishing a small 1% fee on luxury gasoline-powered vehicles, HB 1142 can help address one of the major challenges we face in transitioning to clean transportation: expanding public charging options for those that don't currently have access to EV charging at home or at work.

Without additional funding, we could lose the successful EV-charger rebate program. Carbon emissions from transportation in Hawaii have been steadily climbing for years, and unlike other states across the country, Hawaii lacks strong policy or incentives to reverse this trend.

Please pass HB 1142 to support Hawaii's clean transportation future.

Thank you for considering my testimony.

Calvin Wong, Honolulu HI 96816

HB-1142-HD-2

Submitted on: 2/23/2021 10:14:58 PM

Testimony for FIN on 2/25/2021 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
G Tom	Individual	Support	No

Comments:

Aloha Chair Luke, Vice Chair Cullen, and members of the Committee,

I am testifying in **STRONG SUPPORT** of HB 1142, which creates a revenue-neutral feebate program to fund rebates for EV charger systems.

This is an important measure that would help fund the existing and successful rebate program that helps businesses, apartment buildings, and other locations afford EV charging systems for their customers and residents. By establishing a small 1% fee on luxury gasoline-powered vehicles, HB 1142 can help address one of the major challenges we face in transitioning to clean transportation: expanding public charging options for those that don't currently have access to EV charging at home or at work.

Without additional funding, we could lose the successful EV-charger rebate program. Carbon emissions from transportation in Hawaii have been steadily climbing for years, and unlike other states across the country, Hawaii lacks strong policy or incentives to reverse this trend.

Please pass HB 1142 to support Hawaii's clean transportation future.

Thank you for considering my testimony.

HB-1142-HD-2

Submitted on: 2/23/2021 10:37:29 PM

Testimony for FIN on 2/25/2021 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Andrea Quinn	Individual	Support	No

Comments:

Dear Honorable Committee Members,

Please support HB1142.

Thank you,

Andrea Quinn

HB-1142-HD-2

Submitted on: 2/23/2021 11:05:21 PM

Testimony for FIN on 2/25/2021 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Kevin Kern	Individual	Support	No

Comments:

We need to build this new charging infrastructure and the electric grid infrastructure to support a rather quick transition to Electric Vehicles.

HB-1142-HD-2

Submitted on: 2/24/2021 7:37:30 AM

Testimony for FIN on 2/25/2021 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Jacob Head	Individual	Support	No

Comments:

TO: House Committee on Finance

SUBJECT: Support for HB 1142, Feebate for EV charging, February 25, 2021, 11:00 AM hearing

Aloha Chair Luke, Vice Chair Cullen, and members of the Committee,

I am testifying in support of HB 1142, which creates a revenue-neutral feebate program to fund rebates for EV charger systems.

This is an important measure that would help fund the existing and successful rebate program that helps businesses, apartment buildings, and other locations afford EV charging systems for their customers and residents. By establishing a small 1% fee on luxury gasoline-powered vehicles, HB 1142 can help address one of the major challenges we face in transitioning to clean transportation: expanding public charging options for those that don't currently have access to EV charging at home or at work.

Without additional funding, we could lose the successful EV-charger rebate program. Carbon emissions from transportation in Hawaii have been steadily climbing for years, and unlike other states across the country, Hawaii lacks strong policy or incentives to reverse this trend.

Please pass HB 1142 to support Hawaii's clean transportation future.

Thank you for considering my testimony.
Jacob Head

Kailua Kona, HI 96740

HB-1142-HD-2

Submitted on: 2/24/2021 7:51:29 AM

Testimony for FIN on 2/25/2021 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Adriann Gin	Individual	Support	No

Comments:

Aloha Chair Luke, Vice Chair Cullen, and members of the Committee,

I am testifying in support of HB 1142, which creates a revenue-neutral feebate program to fund rebates for EV charger systems.

This is an important measure that would help fund the existing and successful rebate program that helps businesses, apartment buildings, and other locations afford EV charging systems for their customers and residents. By establishing a small 1% fee on luxury gasoline-powered vehicles, HB 1142 can help address one of the major challenges we face in transitioning to clean transportation: expanding public charging options for those that don't currently have access to EV charging at home or at work.

Without additional funding, we could lose the successful EV-charger rebate program. Carbon emissions from transportation in Hawaii have been steadily climbing for years, and unlike other states across the country, Hawaii lacks strong policy or incentives to reverse this trend.

Please pass HB 1142 to support Hawaii's clean transportation future.

Thank you for considering my testimony.

Adriann Gin, Honolulu, HI96821

HB-1142-HD-2

Submitted on: 2/24/2021 8:02:33 AM

Testimony for FIN on 2/25/2021 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Lorn Hoku Douglas	Individual	Support	No

Comments:

Aloha,

I support this a way forward towards the state's goals of clean energy. This is a step and I appreciate your considerations.

Lorn Douglas

HB-1142-HD-2

Submitted on: 2/24/2021 8:16:54 AM

Testimony for FIN on 2/25/2021 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Peter Forman	Individual	Support	No

Comments:

Dear legislators,

I support HB1142 because the tax source is a reasonably small fee on luxury vehicles and the good done with this money is substantial. Here in Hawaii we have a chicken and the egg situation where growth of Electric Vehicles (EVs) is dependent on the availability of chargers and the availability of chargers is somewhat dependent upon the existing number of vehicles. This bill would address the charging issue and allow growth of charging infrastructure to move forward at a suitable pace and thereby promote the growth of Electric Vehciles, so needed to address climate change.

HB-1142-HD-2

Submitted on: 2/24/2021 9:29:44 AM

Testimony for FIN on 2/25/2021 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Keith Neal	Individual	Support	No

Comments:

This bill is critical to progress the State's carbon emission and clean transportation goals.

I support this bill, suggesting the legislators consider: 1) allocating a portion of funds to specifically support EV charging infrastructure in lower income areas and more rural locations and 2) ensure that total funds raised best align with the intended primary use of funds



600 Puuloa Road | Honolulu, HI 96819 | 808.831.2600

February 24, 2021

House Committee on Finance
Chair Luke and Vice Chair Cullen
Public Hearing, 11am, February 25, 2021

Re: OPPOSITION to HB1142 HD2
Relating to 1% Tax on vehicles over \$60,000 to fund EV Charging Stations

Dear Chair Luke and Vice Chair Cullen:

I respectfully OPPOSE HB 1309. A luxury tax of 10% on all vehicles over \$60,000 has proven to be highly inefficient and catastrophic to the automotive industry in both the United States and Canada dating back to 1991 through 2002. As a result, it was eventually repealed in 2003. This not only impacts the industry, but also the local employees and their families who are tied to the industry.

I, myself, have been so grateful to keep my job amidst COVID, watching so many people and their families being affected within the islands. My employer, JN Group, bent over backwards to protect so many of us and our livelihoods. When I heard of the proposition of HB1142 HD2, my stomach dropped. I felt like I had reached the peak of a mountain making it through such an uncertain time, only to have this proposition absolutely rattle my industry, my employer, and my job.

Everyone in the islands agrees that buying local is best. We love to support each other and watch our island based businesses and PEOPLE grow and flourish. The introduction of this bill means people searching for luxury vehicles will be outsourcing to the mainland, which is a wasted economic opportunity for the islands. I am so proud of how JN Group reinvests into the communities and local organizations like Kupu, Kapiolani, Hawaii Food Bank and more. I urge you to decline this proposition and to help keep business in the islands, so people and families like mine are not affected.

Most Sincerely,

Jessica Krueger
JN Group

Hello, my name is Aron Inoue. I would like to state that I

oppose OPPOSITION to HB1142 HD2

Relating to 1% Tax on vehicles over \$60,000 to fund EV Charging Stations

I'm a resident born and raised here in Honolulu. I've been in the automotive field since 1985 and an ASE certified master mechanic since 1994. I'm registered as a license mechanic with the state and also a certified passenger vehicle safety check inspector.

My opposition is based on the possible reaction of consumers in the \$60K vehicle market to either choose to purchase new vehicles out of state, buy used or not buy a car all together.

This puts a strain on our dealership as we are required by the vehicle manufacturer to sell a set amount of new cars per year to honor our status as a new car dealer.

This is the dealers cost of business not yours but if you put a tax on vehicles which makes new car purchase over \$60K too high and a loss of new car sales are a result the dealer is in jeopardy of being closed by the manufacture.

I've been employed by JN Group Inc. since June 1999. My self and everyone in the new car automotive dealership community would be affected should this tax create loss of

sale due to customers not wanting to pay a higher tax just because they or their business are considered privileged and can buy a new \$60,000 vehicle.

This tax affects a lot more than just the person who can supposedly afford to pay it. It affects the little guy like me just following his passion working on cars and providing an excellent service to our customers who we treat like family.

Everyone in our Velocity building is a part of a team that supports the public, we are just regular people with families to go home and provide for. Even MW restaurant and their employees would be in jeopardy if we can't afford to stay in business. MW is located in the Velocity building if you did not already know.

I don't have a solution to your challenge but the one you propose does affect a lot more people than the people who you say can afford it. It may not cause our company to close completely but a loss in new car sales will greatly hurt the amount of vehicles that come into the shop for warranty work which results in the need to cut the amount of staff. Everyone from people that answer phones, custodians, sales people, marketing personnel, lot attendants, service advisors, warranty admin, service

managers, parts counter and delivery people and service technicians such as myself.

Thank you for your time.

Aron Inoue

HB-1142-HD-2

Submitted on: 2/24/2021 10:32:33 AM

Testimony for FIN on 2/25/2021 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Gerald Riverstone	Individual	Support	No

Comments:

Aloha Chair Luke, Vice Chair Cullen, and members of the Committee,

I am testifying in support of HB 1142, which creates a revenue-neutral feebate program to fund rebates for EV charger systems.

This is an important measure that would help fund the existing and successful rebate program that helps businesses, apartment buildings, and other locations afford EV charging systems for their customers and residents. By establishing a small 1% fee on luxury gasoline-powered vehicles, HB 1142 can help address one of the major challenges we face in transitioning to clean transportation: expanding public charging options for those that don't currently have access to EV charging at home or at work.

Without additional funding, we could lose the successful EV-charger rebate program. Carbon emissions from transportation in Hawaii have been steadily climbing for years, and unlike other states across the country, Hawaii lacks strong policy or incentives to reverse this trend.

Please pass HB 1142 to support Hawaii's clean transportation future.

Thank you for considering my testimony.

Gerald Riverstone

HB-1142-HD-2

Submitted on: 2/24/2021 10:41:31 AM

Testimony for FIN on 2/25/2021 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Nanette Vinton	Individual	Support	No

Comments:

Aloha Chair Luke, Vice Chair Cullen, and members of the Committee,

I am writing to express my SUPPORT for HB1142 which establishes a revenue-neutral feebate to help fund rebates for EV chargers.

As an EV owner since 2013, I have witnessed the significant growth in electric vehicles over the past 8 years. While this growth is welcomed, the state has a long way to reach its proactive clean transportation goals with EVs representing only about 1.3% of the total vehicle population here. One barrier to the decarbonization of ground transportation in Hawaii is the slow growth rate of EV charger infrastructure which has not kept pace with EV growth, especially in workplaces and multi-family buildings.

The feebate established by HB1142 will help to support the much needed expansion of the EV charger infrastructure to service existing and future demand. The proposed 1.0% fee on the sale of luxury gas fuel vehicles over \$60K can be seen as a carbon offset for those buyers. Electric vehicles in the same price range have an obvious lower carbon footprint and should not be considered for this fee. This feebate and the resulting increase in EV chargers will more substantially help the growing number of EV owners and buyers of both new and used EVs in the \$10K - \$35K price range who are more apt to use or need public charging.

Without additional funding from the feebate, we could lose the successful EV-charger rebate program. Carbon emissions from transportation in Hawaii have been steadily climbing for years, and unlike other states across the country, Hawaii lacks strong policy or incentives to reverse this trend.

Respectfully submitted,

Nanette Vinton

Mililani, HI

HB-1142-HD-2

Submitted on: 2/24/2021 10:53:42 AM

Testimony for FIN on 2/25/2021 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Ruth Robison	Individual	Support	No

Comments:

TO: House Committee on Finance

RE: Testimony in support of HB1142 HD2

The Hawaii State government needs to be doing everything it can to deal with the climate crisis. HB 1142 can move Hawaii toward an electric transportation future. A "feebate," as proposed in HB 1142, is revenue-neutral, i.e., it will require no additional money from the general fund in the state budget. Funding through this "feebate" can continue installing EV charging in publicly accessible locations and multi-family housing, which has seen strong public demand. Thank you.

Ruth E. Robison

Hilo, HI 96720

HB-1142-HD-2

Submitted on: 2/24/2021 10:55:52 AM

Testimony for FIN on 2/25/2021 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Paula Miller	Individual	Support	No

Comments:

Dear Chair Johanson, Vice-Chair Kitagawa, and Consumer Protection and Commerce Committee members,

As a resident of the Big Island, I support HB1142 HD1. **BUT** the MSRP threshold and eligibility requirements need to be tuned to ensure that the surcharge does not create hardships for small businesses and contractors that rely on trucks and other large vehicles not currently available in the zero-emission form. Please consider an exception for these situations.

Respectfully submitted,

Paula Miller

Ninole, HI

HB-1142-HD-2

Submitted on: 2/24/2021 11:00:53 AM

Testimony for FIN on 2/25/2021 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Clinton Smith	Individual	Oppose	No

Comments:

Clinton Smith

I am a technician with JN Group and Lincoln of Honolulu. I am opposed to HB1142 as it will negatively impact many of our colleagues and customers. There will likely be a decrease in our sales and ability to maintain our team. We already are in a challenging time.

Thank you.

Clinton

LATE

HB-1142-HD-2

Submitted on: 2/24/2021 11:40:55 AM

Testimony for FIN on 2/25/2021 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Tim Chun	Individual	Support	No

Comments:

Any bill to encourage Electric Vehicle use is strongly needed to encourage adoption. Hawaii is in a unique position to adopt EVs as we have very limited travel distances, extremely high renewable energy resources such as solar, and very wasteful usage of oil. It is very discouraging that we are not a hotbed for EVs as adoption is so slow, at barely 2%. Affordable EVs have smaller battery and range and needs an EV infrastructure to support that. In the rest of the world, it has already been deemed absolutely necessary to transition to EV sooner rather than later, and we should be at the avant garde.

LATE

HB-1142-HD-2

Submitted on: 2/24/2021 1:02:48 PM

Testimony for FIN on 2/25/2021 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Kathleen Sato	Individual	Support	No

Comments:

I support [HB 1142](#) (FEEBATE FOR EV CHARGING) because I believe Hawaii should do all it can to encourage the transition to electric cars. Using a 1% fee collected on new gas-powered vehicles over \$60,000 would barely make a dent in the pockets of those who buy polluting luxury vehicles and would help fund more EV chargers around the islands. Importantly, the government would not have to pay for them.

We must prepare Hawaii for an electric transportation future, and this is a great step on that road.

HB-1142-HD-2

Submitted on: 2/24/2021 1:43:58 PM

Testimony for FIN on 2/25/2021 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Robert Duffer	Individual	Support	No

Comments:

This bill would provide needed support for hawaii's goals. Collecting money luxury ice vehicles is a very smart way to raise the funds necessary to progress to a sustainable future. I strongly encourage all representatives to support this bill. The dangers of climate change and pollution from ICE vehicles requires immediate actions and this bill is directly addressing those concerns. thank you

HB-1142-HD-2

Submitted on: 2/24/2021 2:55:05 PM

Testimony for FIN on 2/25/2021 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Janet Pappas	Individual	Support	No

Comments:

Dear Chair Luke, Vice Chair Cullen, and Finance Committee members,

Our planet and humanity's existence are now in grave danger due to ongoing climate change. Scientists tell us we must take immediate steps to stop global warming. Hawaii is a huge consumer of fossil fuels, to the tune of \$5 billion of imported fuel yearly, two thirds of which is from the transportation sector. Transitioning away from carbon-based fuels is critical if we are to reverse global warming.

Hawaii has set bold goals for clean energy, but to reach those goals we must have milestones.

HB1142 HD2 establishes a surcharge on the sale of high-end (\$60,000 or more) gasoline-powered vehicles. This fee may cause people to reconsider before buying another fossil fuel behemoth. The fund will be used to install much-needed electric vehicle charging systems which are our key to the future of driving.

Having bought (and still drive) an electric vehicle in 2011, I gladly support this goal as one step in our 100% renewable energy future. EVs are low-maintenance (no gas, no oil, no transmission fluid); easy to charge (most EVs now go 200+ miles/charge), fun to drive (lots of pick-up) and many are priced under \$30k (used under \$20k).

Please support HB1142 HD2 and enact it as soon as possible. Thank you for the opportunity to testify.

Sincerely,

Jan Pappas

Aiea, Hawaii