

DAVID Y. IGE  
GOVERNOR

JOSH GREEN M.D.  
LT. GOVERNOR



STATE OF HAWAII  
**DEPARTMENT OF TAXATION**  
P.O. BOX 259  
HONOLULU, HAWAII 96809  
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ISAAC W. CHOY  
DIRECTOR OF TAXATION

To: The Honorable Glenn Wakai, Chair;  
The Honorable Bennette E. Misalucha, Vice Chair;  
and Members of the Senate Committee on Energy, Economic Development, and  
Tourism

The Honorable Chris Lee, Chair;  
The Honorable Lorraine R. Inouye, Vice Chair;  
and Members of the Senate Committee on Transportation

From: Isaac W. Choy, Director  
Department of Taxation

Date: March 19, 2021

Time: 3:15 P.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 The new surcharge has a defective effective date of July 1, 2050 and would be repealed on June 30, 2030.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 testimony on this measure.

## Hawaii Electric Vehicle Association

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



March 16, 2021

**SUPPORT for HB 1142 HD2** (RELATING TO ENERGY. ESTABLISHES A SURCHARGE ON THE SALE OF HIGH-END GASOLINE-POWERED VEHICLES TO FUND THE INSTALLATION OF ELECTRIC VEHICLE CHARGING SYSTEMS..)

Dear Chair Wakai, Chair Lee, Vice-Chair Misalucha, Vice-Chair Inouye, and members of the Committee on Energy, Economic Development, and Tourism and the Committee on Transportation,

**Hawaii Electric Vehicle Association is in SUPPORT of HB1142 HD2** with an amendment.

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 broader choice of long-range, affordable electric vehicles (EVs). The increasing number of options, extended driving range, and increased affordability address critical barriers to adoption.

**Another critical barrier to address is our inadequate public charging infrastructure.** Public charging stations are now the key to the broader adoption of EVs in Hawaii. Without adequate public charging, EV adoption will falter.

Many of our residents can rely on home charging. However, many situations warrant a robust public charging infrastructure:

- People who live in multi-unit dwellings,
- Renters,
- Visitors who prefer to rent an EV, and
- Ride-hailing service providers who have EVs.

Additionally, EV owners with home charging may need to charge during their commute to make it home.

Thus, we need to facilitate the installation of public charging stations to make meaningful and timely progress on our clean transportation efforts. (EVs are still a little over 1% of our 1.2 million passenger cars!) 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. The **Hawaii Energy Commercial Charging Station rebate program** has resulted in several new charging stations across the state over the past few quarters. It is one way to expand our infrastructure.

**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.

Thank you for your support of HB1142 HD2.

Sincerely,  
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](http://hawaiiev.org).

**HB-1142-HD-2**

Submitted on: 3/16/2021 1:51:37 PM

Testimony for TRS on 3/19/2021 3:15:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Scott Smart	Individual	Oppose	No

Comments:

I OPPOSE HB1142HD2. If the findings as expressed in the bill are correct, the funding for any infrastructure should be from the general fund as there seems to be no connection between the need expressed and the purchase of vehicles valued over a certain figure. This seems like nothing more than making the few supply the wants of the many.

**HB-1142-HD-2**

Submitted on: 3/16/2021 4:26:11 PM

Testimony for TRS on 3/19/2021 3:15:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Andrea Bertoli	Individual	Support	No

Comments:

Aloha Chairs Lee and Wakai, Vice Chairs Inouye and Misalucha, and members of the committees,

I am testifying in support of HB 1142, which creates a revenue-neutral feebate program to fund rebates for EV charger systems. As a new EV driver and as a concerned citizen, I want to make EV charging widely available to all residents of Honolulu, and this feebate program is an innovative way to support this critical growth.

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.



**TESTIMONY REGARDING HB1142, HD2**  
**Senate Committees on Energy, Economic Development and Tourism and Transportation**  
**March 19, 2021 at 3:15 PM**

Aloha Chairs Wakai and Lee, Vice Chairs Misalucha and Inouye, and Members of the Committees:

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.

**HB-1142-HD-2**

Submitted on: 3/16/2021 5:05:04 PM

Testimony for TRS on 3/19/2021 3:15:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
william metzger	Individual	Support	No

Comments:

Auto manufachurers are going electrical...now is the time to provide drivers with EV chargers.

Please pass this bill.

**HB-1142-HD-2**

Submitted on: 3/16/2021 5:56:41 PM

Testimony for TRS on 3/19/2021 3:15:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Mele Stokesberry	Individual	Support	No

Comments:

This bill is a great idea. It doesn't sound like a lot of money, 1% and just on gas-powered vehicles costing over \$60,000, but this is definitely the direction we need to go in. Please pass this bill, HB1142.

Mele Stokesberry, 51 Mano Drive, Kula, HI 96790



**HB-1142-HD-2**

Submitted on: 3/16/2021 7:53:43 PM

Testimony for TRS on 3/19/2021 3:15:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Carolyn Eaton	Individual	Support	No

Comments:

Aloha, my name is Carolyn Eaton and I am an Oahu voter. I write to support passage of HB 1142.

My home is part of a multi-family dwelling without access to an EV charger on site. I purchase,d a hybrid reluctantly in 2019, because I could not depend on having access to charging for an EV. I'm eager to eliminate my dependence on gasoline-powered transportation and urge you to give the State rebate program this new funding source. Thank you for considering my testimony and the State's future as a clean energy model.

**HB-1142-HD-2**

Submitted on: 3/16/2021 8:05:35 PM

Testimony for TRS on 3/19/2021 3:15:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
B.A. McClintock	Individual	Support	No

Comments:

This bill will help Hawaii transition to a cleaner, healthier future. 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. Please support it.

**HB-1142-HD-2**

Submitted on: 3/16/2021 9:03:45 PM

Testimony for TRS on 3/19/2021 3:15:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Adriann Gin	Individual	Support	No

Comments:

TO: Senate Committee on Transportation and Energy, Economic Development, and Tourism

SUBJECT: Support for HB 1142, Feebate for EV charging, March 19, 2021, 3:15 PM hearing

Aloha Chairs Lee and Wakai, Vice Chairs Inouye and Misalucha, and members of the committees,

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, Hawaii, 96821

**HB-1142-HD-2**

Submitted on: 3/16/2021 9:09:26 PM

Testimony for TRS on 3/19/2021 3:15:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Robert Woliver	Individual	Support	No

**Comments:**

TO: Senate Committee on Transportation and Energy, Economic Development, and Tourism

SUBJECT: Support for HB 1142, Feebate for EV charging, March 19, 2021, 3:15 PM hearing

Aloha Chairs Lee and Wakai, Vice Chairs Inouye and Misalucha, and members of the committees,

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: 3/16/2021 9:15:48 PM

Testimony for TRS on 3/19/2021 3:15:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Douglas Perrine	Individual	Support	No

Comments:

I support HB1142 which will establish a revenue-neutral method of building out the charging infrastructure which is critical to our conversion to clean transportation. Climate change is no longer an indistinct and distant threat to the people of Hawaii. It is already impacting lives, sometimes deeply, as residents of north Kauai and east Maui can testify after last week's devastating rainstorms. Climate change is written all over the skeletons of dead corals on our reefs, on our eroding shorelines, in the extended periods of high heat and humidity that last through more of each successive year, in the more northerly tracks of hurricanes, the more extreme king tides, and so many other signals. We need to cut our contribution to this growing monster, and this bill will be a big help to that end.

# TAX FOUNDATION OF HAWAII

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126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

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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

DAVID Y. IGE  
GOVERNOR



CRAIG K. HIRAI  
DIRECTOR

ROBERT YU  
DEPUTY DIRECTOR

**STATE OF HAWAII**  
**DEPARTMENT OF BUDGET AND FINANCE**  
P.O. BOX 150  
HONOLULU, HAWAII 96810-0150

EMPLOYEES' RETIREMENT SYSTEM  
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
OFFICE OF THE PUBLIC DEFENDER

ADMINISTRATIVE AND RESEARCH OFFICE  
BUDGET, PROGRAM PLANNING AND  
MANAGEMENT DIVISION  
FINANCIAL ADMINISTRATION DIVISION  
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

**WRITTEN ONLY**

TESTIMONY BY CRAIG K. HIRAI  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE SENATE COMMITTEES ON TRANSPORTATION AND ENERGY,  
ECONOMIC DEVELOPMENT, AND TOURISM  
ON  
HOUSE BILL NO. 1142, H.D. 2

**March 19, 2021**  
**3:15 p.m.**  
**Room 224 and Videoconference**

RELATING TO ENERGY

The Department of Budget and Finance (B&F) offers comments on House Bill (H.B.) No. 1142, H.D. 2.

The purpose of H.B. No. 1142, H.D. 2, is to: 1) assess an Electric Vehicle Infrastructure Incentive Surcharge (EVIIS) equal to 1% on sales of solely gas-powered vehicles with a published manufacturer's suggested retail price of \$60,000 or more; 2) require the Director of Taxation to have authority over the EVIIS and revise general excise tax forms for the collection of the EVIIS; 3) deposit collections from the EVIIS into the Public Utilities Commission Special Fund (PUCSF), provided that the first \$500,000 collected shall be deposited into the Electric Vehicle Charging System Subaccount (EVCSS); 4) establish the EVCSS within the PUCSF for the purposes of funding the Electric Vehicle Charging System Rebate Program; and 5) establish an effective date of July 1, 2050, and repeal date of June 30, 2030.

As a matter of general policy, B&F does not support the creation or continuance of any special fund or special fund sub-account which does not meet the requirements



of Section 37-52.3, HRS. Special funds and any related sub-accounts should: 1) serve a need as demonstrated by the purpose, scope of work and an explanation why the program cannot be implemented successfully under the general fund appropriation process; 2) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries or a clear link between the program and the sources of revenue; 3) provide an appropriate means of financing for the program or activity; and 4) demonstrate the capacity to be financially self-sustaining. Even with the establishment of the EVIIS as a funding source for the EVCSS, it is unclear if the sub-account would be self-sustaining.

B&F defers to the Department of Taxation and Public Utilities Commission on the implementation and administration of the EVIIS and EVCSS.

Thank you for your consideration of our comments.

**HB-1142-HD-2**

Submitted on: 3/17/2021 8:26:59 AM

Testimony for TRS on 3/19/2021 3:15:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Nanea Lo	Individual	Support	No

Comments:

Hello Chairs Lee and Wakai, Vice Chairs Inouye and Misalucha, and members of the committees,,

My name is Nanea Lo. I'm from Papakāleia, O'ahu now residing in Māhili in my ancestral homelands. I'm writing in support of HB1142, 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.

Nanea Lo

Honolulu, HI 96826



# Chamber of Commerce HAWAII

*The Voice of Business*

**Testimony to the Senate Committee on Energy, Economic Development, and  
Tourism  
Senate Committee on Transportation  
Friday, March 19, 2021 at 3:15 P.M.  
Written Testimony**

**RE: HB 1142, HD 2, RELATING TO ENERGY**

Chairs Wakai and Lee, Vice Chairs Misalucha and Inouye, and Members of the Committees:

The Chamber of Commerce Hawaii ("The Chamber") **opposes** HB 1142, 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.

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 1142, 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.

OFFICE OF CLIMATE CHANGE, SUSTAINABILITY AND RESILIENCY  
**CITY AND COUNTY OF HONOLULU**

650 SOUTH KING STREET, 11<sup>th</sup> FLOOR • HONOLULU, HAWAII 96813  
PHONE: (808) 768-2277 • EMAIL: [resilientoahu@honolulu.gov](mailto:resilientoahu@honolulu.gov) • INTERNET: [www.resilientoahu.org](http://www.resilientoahu.org)



RICK BLANGIARDI  
MAYOR

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

FRIDAY, MARCH 19, 2021, 3:15 P.M.

STATE OF HAWAII  
SENATE COMMITTEE ON TRANSPORTATION  
AND  
SENATE COMMITTEE ON ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM

**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 Lee, Chair Wakai, and Members of the Committees:

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 (GHG) emission source on O'ahu,<sup>1</sup> 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.<sup>2</sup> 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

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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 Lee and Chair Wakai  
HB1142, HD2  
March 19, 2021  
Page 2

major roadblock to widespread EV adoption, and practical solutions to fund additional charging infrastructure are needed.

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.

**HB-1142-HD-2**

Submitted on: 3/17/2021 11:11:16 AM

Testimony for TRS on 3/19/2021 3:15:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Kaikea K. Blakemore	Individual	Support	No

Comments:

Support

**HB-1142-HD-2**

Submitted on: 3/17/2021 11:30:57 AM

Testimony for TRS on 3/19/2021 3:15:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Janet Pappas	Individual	Support	No

Comments:

Dear EET/TRS, and WAM Chairs, Vice Chairs and 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 (\$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 transition our energy sector and our transportation infrastructure.

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

In 2011, having bought (and still drive) an electric vehicle, we 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 vehicles are under \$20k).

EVs are coming soon to a dealership near you. Do you see a charging station in your neighborhood??

Please support HB1142 HD2 and enact it as soon as possible.

Thank you for listening and for the opportunity to testify.

Sincerely,

Jan Pappas, Ronald Yasuda - Aiea, Hawaii

**HB-1142-HD-2**

Submitted on: 3/17/2021 12:06:43 PM

Testimony for TRS on 3/19/2021 3:15:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Gabi Soderholm	Testifying for Soderholm Bus and Mobility	Support	No

Comments:

TO: Senate Committees on Transportation and Energy, Economic Development, and Tourism

SUBJECT: Support for HB 1142, Feebate for EV charging, March 19, 2021, 3:15 PM hearing

Aloha Chairs Lee and Wakai, Vice Chairs Inouye and Misalucha, and members of the committees,

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 policies or incentives to reverse this trend.

We need electric vehicles and without the charging infrastructure, we cannot support widespread EV adoption.

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

Thank you for considering my testimony.





John Uekawa, President  
Dove Rolf, Executive Director



HADA Testimony in OPPOSITION to HB1142 HD2  
RELATING TO ENERGY

Presented to the Senate Committee on Energy and Economic Development and the  
Senate Committee on Transportation

at the

Public Hearing 3:15 p.m. Thursday, March 19, 2021 in Room 224

VIA VIDEO CONFERENCE

Hawaii State Capitol

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

Chairs Wakai and Lee, Vice Chairs Misalucha and Inouye and members of the committees:

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 heavy-duty trucks.

First, it should be noted that many 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 apply "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 a "published manufacturer's suggested retail price as set by the manufacturer at the time of the sale" with 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.

Regarding the statement: “published....at the time of the sale” is language that would indicate that the tax would apply to vehicles sold in previous years....dating back for many years.

This would create a briar patch for tax enforcement, calculation, and reporting.

### **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.

### **No nexus between \$60,000 MSRP and the Special Fund and EV charging stations**

In order to establish or maintain a special fund, a nexus or linkage must be shown between the generated funds and the reason for generating those funds. There is no nexus between the number “60,000” or the dollar amount “\$60,000” to the EV charging station reason for generating the funds.

### **The bill seems to target luxury vehicles, but heavy-duty work trucks are included**

While this bill seems to target the customers of luxury car dealerships, the customers of some dealerships that sell large, heavy-duty work trucks fall into this \$60,000+ MSRP category also.

## **A proponent of this bill indicated “Maserati buyers shouldn’t mind paying...”**

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

## **The number of EV charging stations needed is not addressed**

The proponents of the bill have not indicated how many EV charging stations are needed to address what they call a shortage.

## **Summary**

In conclusion, the bill has ambiguous ill-defined language which doesn’t encompass many aspects of a vehicle sale or a vehicle lease, the special fund purpose does not demonstrate a clear nexus with \$60,000, 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**

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**HB-1142-HD-2**

Submitted on: 3/17/2021 1:35:58 PM

Testimony for TRS on 3/19/2021 3:15:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Denise Boisvert	Individual	Support	No

Comments:

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 bill forward for the future of our state and the environment.

Sincerely,

Denise Boisvert

Waikiki



P.O. Box 520 | Aiea, HI 96701

To: Chair Wakai, Chair Lee, Vice Chair Misalucha, Vice Chair Inouye, and Members of the Senate Committee on Energy and Economic Development and the Senate Committee on Transportation

From: Heather Cutter, Cutter Management Co.

Date: March 19, 2021 Time: 3:15 PM; 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 complete 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 how much revenue will be generated, 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 HB 1142 HD2.

Thank you for the opportunity to work together to meet Hawaii's clean energy goals and to provide testimony.



Email: [communications@ulupono.com](mailto:communications@ulupono.com)

SENATE COMMITTEES ON TRANSPORTATION AND ENERGY, ECONOMIC DEVELOPMENT,  
& TOURISM

Friday, March 19, 2021 —3:15 p.m.

**Ulupono Initiative supports HB 1142 HD 2, Relating to Energy**

Dear Chair Lee, Chair Wakai, and Members of the Committees:

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.

*Investing in a Sustainable Hawai'i*

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

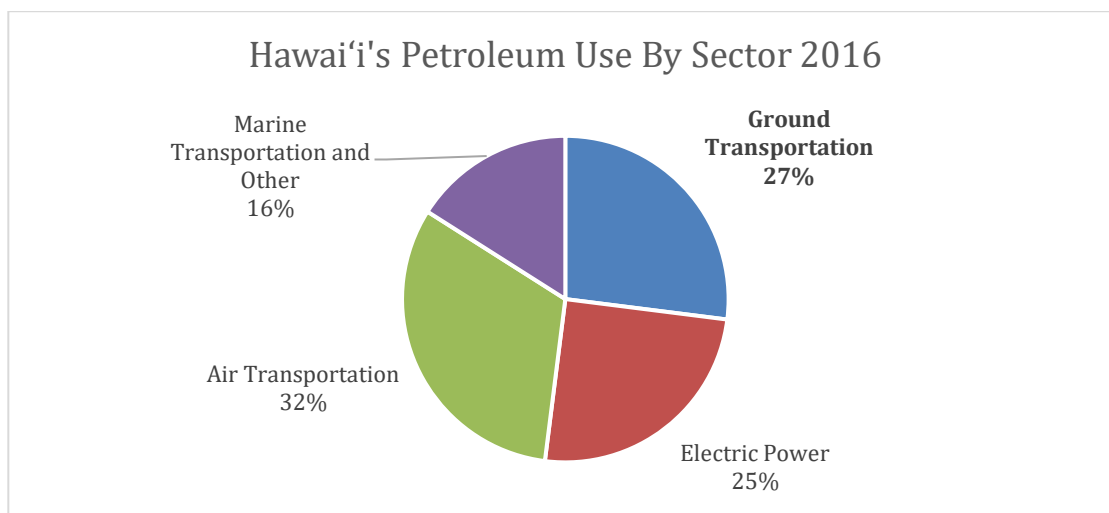
In fact, the Governor of California recently signed an executive order to eliminate the sale of new gas cars and trucks by 2035. California joins a multitude of countries and cities across Europe, as well as China and British Columbia, who have taken similar measures to eliminate the sale of new fossil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

**HB-1142-HD-2**

Submitted on: 3/17/2021 8:27:25 PM

Testimony for TRS on 3/19/2021 3:15:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Julie Rivers	Individual	Support	No

Comments:

Aloha Chairs Lee and Wakai, Vice Chairs Inouye and Misalucha, and members of the committees,

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.

While Hawaii has been making good strides on renewable electricity, we are falling short on decarbonizing our ground transportation sector. Carbon emissions from cars and trucks have been climbing steadily for years prior to the pandemic. In order for Hawaii to do its part towards combating climate change and meeting our States sustainability goals, we need to do more

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.

Julie Rivers, Honolulu, HI 96816



March 19, 2021

3:15 p.m.

VIA VIDEOCONFERENCE

Conference Room 224

**To: Senate Committee on Energy, Economic Development, and Tourism**

**Senator Glenn Wakai, Chair**

**Senator Bennette E. Misalucha, Vice Chair**

**Senate Committee on Transportation**

**Senator Chris Lee, Chair**

**Senator Lorraine R. Inouye, Vice Chair**

**From: Grassroot Institute of Hawaii**

**Joe Kent, Executive Vice President**

RE: HB1142 HD2 — 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 tax hike 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.<sup>1</sup>

>> State lawmakers increased taxes and fees substantially following the Great Recession of 2007-2008,<sup>2</sup> 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 2016<sup>3</sup> has left Hawaii's remaining taxpayers with a greater tax burden.

>> Hawaii businesses will be experiencing an average 38% increase in their state unemployment tax in 2021.<sup>4</sup> 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.<sup>5</sup>

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

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

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

<sup>3</sup> "[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.

<sup>4</sup> "[Grassroot Institute UI contribution analysis](#)" Grassroot Institute of Hawaii, Nov. 13, 2020, sheet 2.

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

<sup>6</sup> "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.

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

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

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

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

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

**HB-1142-HD-2**

Submitted on: 3/18/2021 8:05:11 AM

Testimony for TRS on 3/19/2021 3:15:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Nanette Vinton	Individual	Support	No

Comments:

Aloha Chairs Wakai & Lee, Vice Chairs Misalucha & Inouye, and members of the EET and TRS Committees,

I am writing to express my strong SUPPORT for HB1142 HD2 which establishes a surcharge on the sale of high-end gasoline-powered vehicles to help fund the installation of 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. Most major car brands are increasing their EV offerings so the availability of affordable options will rise significantly over the next few years.

This minimal 1.0% surcharge will result in an increase in EV chargers that will more substantially help the growing number of EV owners and buyers of both new and used EVs in the affordable price range of \$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





**SanHi**

GOVERNMENT STRATEGIES

A LIMITED LIABILITY LAW PARTNERSHIP

DATE: March 18, 2021

TO: Senator Chris Lee  
Chair, Committee on Transportation

Senator Glenn Wakai  
Chair, Committee on Energy, Economic Development and Tourism

FROM: Tiffany Yajima / Curt Augustine

RE: **H.B. 1142, HD2 – Relating to Energy**  
**Hearing Date: Friday, March 19, 2021 at 3:15 p.m.**  
**Conference Room: 324**

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Dear Chair Lee, Chair Wakai, and Members of the Joint Committees:

On behalf of the Alliance for Automotive Innovation (“Auto Innovators”) we submit this testimony in **opposition** of H.B. 1142, HD.2., 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 would also raise the overall cost of vehicle fleets used by businesses and would raise the cost of vehicles typically purchased by families and working individuals.

Automobile manufacturers support the state’s efforts 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 are 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 forgo 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.



Before the Senate Committees on Energy, Economic Development, and Tourism, and Transportation  
Friday, March 19, 2021, 3:15pm

Testimony Providing Comments on HB1142 HD2: Relating to Energy

Chairs Wakai and Lee, Vice Chairs Misalucha and Inouye, and Members of the Committees:

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.<sup>1</sup>

To date, the program has provided \$161,500 rebates, resulting in the installation of five (5) new Level 2 chargers and the retrofit of 37 existing Level 2s and one (1) DCFC in Kaua'i, Honolulu and Hawai'i counties. There are currently \$238,000 worth of rebates in progress, and should all of these applications come through, they will result in an additional 33 stations being installed. There is currently \$500 available in the program which ends on June 30, 2021 and we are still seeing high levels of customer interest. Based on 14 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

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

## COMMITTEE ON ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM

Senator Glenn Wakai, Chair

Senator Bennette E. Misalucha, Vice Chair

## COMMITTEE ON TRANSPORTATION

Senator Chris Lee, Chair

Senator Lorraine R. Inouye, Vice Chair

Friday, March 19, 2021 3:15 PM, Conference Room 224

### Testimony in Support of Bill 1142 House Draft 2 Relating to Energy

The American Lung Association is the leading organization working to save lives by improving lung health and preventing lung disease, through research, education, and advocacy. The work of the American Lung Association in Hawaii and across the nation is focused on four strategic imperatives: to defeat lung cancer; to improve the air we breathe; to reduce the burden of lung disease on individuals and their families; and to eliminate tobacco use and tobacco-related diseases.

**The American Lung Association in Hawaii supports this bill, which would establish a surcharge on the sale of high-end gasoline-powered vehicles over \$60,000 to fund the installation of electric vehicle charging systems.**

The health impacts of ozone and particle pollution are well documented based on decades of scientific research. Exposure to ozone and particle pollution contribute to a wide range of negative health effects, including asthma attacks, lost work days and premature deaths<sup>1</sup>. Transportation is a leading source of harmful air pollution in the United States, representing over half of the total ozone- and particle-forming oxides of nitrogen (NOx) emissions and represents the largest source of carbon pollution in the United States. Transportation sources also contribute to particle pollution and local diesel exhaust impacts that threaten lung health.<sup>2</sup>

People who live near major roadways, lower-income communities and communities of color often face disproportionate exposures to harmful pollution, along with poor health outcomes, making health and climate equity key to the electric vehicle discussion<sup>3</sup>. Children, seniors and those living with respiratory, cardiovascular and other chronic health conditions are also more vulnerable to poor air quality.

Research by the American Lung Association shows that transitioning to zero-emission transportation solutions along with increasing levels of renewable energy will save lives by decreasing asthma triggers, improving the quality of air along roadways, and many other positive health effects for people who face lung health issues. In addition, moving to eliminate combustion from the transportation sector will yield significant reductions in greenhouse gases that drive wide-ranging climate change impacts on air quality and public health<sup>4</sup>.

Hawaii stands to benefit from cleaner air through a transition to electric vehicles. Electric vehicles mean zero emissions from cars, buses and trucks, translating to cleaner air and better health for all residents of Hawaii. Such a transition would also help address the climate emergency, which threatens the health and future of all Americans today.

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<sup>1</sup> Health Effects Institute. Health Effects Institute Panel on the Health Effects of Traffic-Related Air Pollution, Traffic-Related Air Pollution: A Critical Review of the Literature on Emissions, Exposure, and Health Effects. Health Effects Institute: Boston, 2010. Available at [www.healtheffects.org](http://www.healtheffects.org).

<sup>2</sup> US Environmental Protection Agency. Air Pollutant Emissions Trends Data; U.S. Inventory of Greenhouse Gas Emissions and Sinks. <https://www.epa.gov/air-emissions-inventories/air-pollutant-emissions-trends-data>; <https://www.epa.gov/sites/production/files/2020-04/documents/us-ghg-inventory-2020-main-text.pdf>

<sup>3</sup> American Lung Association. State of the Air 2020. April 2020. [www.lung.org/sota](http://www.lung.org/sota)

<sup>4</sup> American Lung Association. The Road to Clean Air. September 2020 <https://www.lung.org/clean-air/electric-vehicle-report>

Without additional funding, we could lose the successful EV-charger rebate program. The program established in HB 1142 can help prepare Hawaii for an electric transportation future, creating a program that is revenue-neutral, meaning that it will require no additional money from the general fund in the state budget. Without additional funding, the existing rebates for installing EV charging in publicly accessible locations and multi-family housing could disappear despite strong demand.

The American Lung Association in Hawaii urges legislators to continue to support and encourage the state's transition into electric vehicles. We support House Bill 1142 House Draft 2 and encourage these committees to approve the measure.



Pedro Haro  
Executive Director  
American Lung Association in Hawaii  
pedro.haro@lung.org

**HB-1142-HD-2**

Submitted on: 3/18/2021 10:05:16 AM

Testimony for TRS on 3/19/2021 3:15:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Terence Tang	Individual	Support	No

Comments:

I support this!



**Hawaiian  
Electric**

**TESTIMONY BEFORE THE SENATE COMMITTEES ON  
TRANSPORTATION AND  
ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM**

**HB 1142, HD 2  
Relating to Energy**

March 19, 2021  
3:15 PM, Agenda Item # 3  
State Capitol, Conference Room 224 / VIDEO CONFERENCE

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

Aloha Chairs Lee and Wakai, Vice Chairs Inouye and Misalucha, and Committee Members,

My name is June Chee and I am testifying on behalf of Hawaiian Electric Company **in support of the intent 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 planned request to expand our public charging network; and our proposed Charge Ready Hawaii pilot. The Charge Ready Hawaii 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 Hawaii 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.

**HB-1142-HD-2**

Submitted on: 3/18/2021 10:57:46 AM

Testimony for TRS on 3/19/2021 3:15:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Jeff Hood	Individual	Support	No

Comments:

I support this bill.





# LiUNA!

## Testimony of the Hawaii Laborers' Union Local 368

1617 Palama Street

Honolulu, Hawaii 96817

**Meeting:** Senate EET/TRS

**Date:** Friday, March 19, 2021

**Location:** Online (Zoom)

**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*

**ESTHER AILA**  
*Auditor*

**RUSSELL NAPIHAA**  
*Auditor*

**MARK TRAVALINO**  
*Auditor*

**MARTIN ARANAYDO**  
*Sergeant-At-Arms*

**RE: OPPOSITION to HB1142 HD2 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.**

Chairs Wakai and Lee, Vice Chairs Misalucha and Inouye,

The Hawaii Laborers' Union Local 368 is made up of 5,000 working and retired men and women across the State of Hawaii and we **OPPOSE HB1142 HD2**.

HB1142 HD2 as written 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 electric 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.

Furthermore, there are logistic difficulties and inefficiencies created by a bill like this for recharging these vehicles as many of these company fleet vehicles are taken home by workers whose residences may not be equipped to charge these vehicles as many companies do not have adequate parking to accommodate their entire fleet of vehicles they use for business.

If passed and implemented, this Bill will raise the cost to construction companies across the State and add inefficiencies to construction which also in-turn will increase the cost of building in our State. These costs will be reflected in higher bid prices out of necessity, which will eventually be passed on to consumers seeking to buy homes in our State where affordability margins are already stretched to their limits.

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

*Feel the Power*



# LiUNA!

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

**ALFONSO OLIVER**  
*President*

**JOBY NORTH II**  
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*Executive Board*

**ESTHER AILA**  
*Auditor*

**RUSSELL NAPIHAA**  
*Auditor*

**MARK TRAVALINO**  
*Auditor*

**MARTIN ARANAYDO**  
*Sergeant-At-Arms*

Hence, we feel that there are several important policy issues that need to be resolved before a bill such as this can be considered for passage. We would therefore ask that your committees **defer** this measure until there is an adequate and durable supply of electric vehicles is available on the market to meet the industries' needs, and address and resolve the issues that would lead to the above-mentioned factors that would exacerbate the potential for cost increases that would negatively impact the construction industry and the cost of housing in our State.

Respectfully,

Ryan Kobayashi

Government Affairs

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Honolulu, HI 96817  
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*Feel the Power*

**HB-1142-HD-2**

Submitted on: 3/18/2021 12:47:55 PM

Testimony for TRS on 3/19/2021 3:15:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Griff Jurgens	Individual	Support	No

Comments:

Aloha Chairs Lee and Wakai, Vice Chairs Inouye and Misalucha, and members of the committees,

First off, thank you for the work you do. I don't doubt that you all have a very stressful job and I respect your dedication to making Hawaii the best it can be environmentally, economically, and culturally. I am testifying in support of HB 1142, which creates a revenue-neutral feebate program to fund rebates for EV charger systems.

In 2019, I actually ended up buying a Toyota Prius because I do not have the capability to charge at home (I'm a renter) and I didn't feel confident enough in the charging infrastructure here on Oahu.

By helping to fund the existing rebate program that helps businesses, apartment buildings, and other locations afford EV charging systems, customers and residents reap the benefits and it relieves economic stress on the government. Hawaii has made a commitment to go 100% clean transportation, yet we lack the infrastructure to do so. By establishing a small 1% fee on luxury gasoline-powered vehicles, HB 1142 can help address this major challenge: 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 your time and consideration,  
Griffith Jurgens  
Honolulu, HI96816

**HB-1142-HD-2**

Submitted on: 3/18/2021 1:53:59 PM

Testimony for TRS on 3/19/2021 3:15:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Ted Bohlen	Testifying for Climate Protectors Hawai'i	Support	No

Comments:

To: The Honorable Glenn Wakai, Chair, the Honorable Bennette Misalucha, Vice Chair, and Members of the Energy, Economic Development and Tourism Committee, and

The Honorable Chris Lee, Chair, the Honorable Lorraine Inouye, Vice Chair, and Members of the Senate Committee on Transportation

From: Climate Protectors Hawai'i (by Ted Bohlen)

Re: Hearing **HB1142 HD2– RELATING TO ENERGY.**

Friday March 19, 2021, 3:15 p.m., by videoconference

Aloha Chairs Wakai and Lee, Vice Chairs Misalucha and Inouye, and Energy, Economic Development and Tourism and Transportation Committee Members:

The Climate Protectors Hawai'i is a group focused on reversing the climate crisis. The Climate Protectors Hawai'i **supports the intent of HB1142 HD2.**

As a tropical island State, Hawai'i will be among the first places harmed by the global climate crisis, with more intense storms, loss of protective coral reefs, food insecurity, and rising sea levels destroying our shorelines. As a tropical island State, Hawai'i will be among the first places harmed by the global climate crisis, with more intense storms, loss of protective coral reefs, food insecurity, and rising sea levels destroying our shorelines. We must do all we can to reduce our carbon footprint and become carbon negative as soon as possible.

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 needed. 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.

The Climate Protectors Hawai'i does not comment on the surcharge mechanism in the bill, but supports the intent of funding easily accessible and affordable electric vehicle charging as a priority in mitigating greenhouse gas emissions.

Please pass this bill. Mahalo!

Climate Protectors Hawai'i (by Ted Bohlen)

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

TO THE  
SENATE COMMITTEES ON  
ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM  
AND  
TRANSPORTATION

March 19, 2021  
3:15 p.m.

Chair Wakai, Chair Lee, and Members of the Committees:

**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.



**SENATE COMMITTEE ON TRANSPORTATION  
SENATE COMMITTEE ON ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM**

March 19, 2021, 3:15 P.M.

Video Conference

**TESTIMONY IN SUPPORT OF HB 1142 HD2**

Aloha Chairs Lee and Wakai, Vice Chairs Inouye and Misalucha, and Committee members:

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 (February 2020 – February 2021), EV registrations in Hawai'i grew 23.5%, while registrations of gasoline-powered vehicles dropped 3.5%.<sup>1</sup>

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 1.3% of all registered vehicles in Hawai'i.<sup>2</sup> 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**

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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

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<sup>1</sup> DBEDT Monthly Energy Trends, February 2021 (<http://dbedt.hawaii.gov/economic/energy-trends-2/>).

<sup>2</sup> Ibid.



contributing to the market penetration of EVs.”<sup>3</sup> Unlike gasoline car owners, 80% of EV drivers charge their cars at home or at work.<sup>4</sup> 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**

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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.

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

<sup>4</sup> *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 suggest 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

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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.

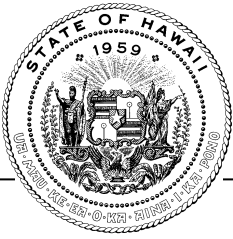
## Conclusion

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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.



# HAWAII STATE ENERGY OFFICE STATE OF HAWAII

DAVID Y. IGE  
GOVERNOR

SCOTT J. GLENN  
CHIEF ENERGY OFFICER

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Testimony of  
**SCOTT J. GLENN, Chief Energy Officer**

before the  
**SENATE COMMITTEE ON ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM  
AND SENATE COMMITTEE TRANSPORTATION**

Friday, March 19, 2021  
3:15 P.M.  
State Capitol, Conference Room 224 &  
Via Videoconference

COMMENTS in consideration of  
**HB 1142 HD2  
RELATING TO ENERGY**

Chairs Wakai and Lee, Vice Chairs Misalucha and Inouye, and Members of the Committees, 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.

**LATE**



## Environmental Caucus of The Democratic Party of Hawai‘i

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Friday, March 19 2021, 3:15 am

Senate Committees on Energy, Economic Development, Tourism, and Technology and on Transportation  
HOUSE BILL 1142 – RELATING TO ENERGY: Surcharge on high-end gas-powered autos to fund installation of recharging stations.

Position: Support

Me ke Aloha, Chairs Glenn Wakai and Chris Lee, Vice-Chairs Bennette Misalucha and Lorraine Inouye, and Members of the Committees on Energy, Economic Development, Tourism, and Technology and on Transportation:

Several bills this session have set ambitious but necessary targets for converting our vehicle fleets from gas-powered to electric vehicles. The need for a system of advanced charging stations will be crucial to implementing these goals. Charging stations are going in at State facilities, and many EV owners have their own charging stations at home. These Level 2 stations require hours of recharge, while newer Level 3 stations are capable of charging in minutes, and are better suited for dispersion throughout the pattern of daily traffic flow. These are more expensive, but with the penetration of EVs through the economy, those costs will likely lower. Our committee is not aware whether an analysis can show what sort of surcharge would cover installation of charging stations, but we believe that despite high-end gas-powered vehicles being in demand with price a minimal deterrent, there may be a limit on the number of adequate charging stations that can be produced under this program in the short term.

HB 1142 may thus be limited in its efficacy in the short term, but is an appropriate beginning to explore how this feature of our adaptation to climate change will proceed. The Energy and Climate Action Committee of the Environmental Caucus supports this bill and appreciates the opportunity to address this issue.

/s/ Charley Ice, Co-Chair, Energy & Climate Action Committee, Environmental Caucus of the Democratic Party of Hawaii.



[KauaiEV.org](http://KauaiEV.org)  
302 Makani Rd.  
Kapaa, HI 96746  
808-652-0591

**KauaiEV**  
Kauai Electric Vehicle Association

**LATE**

March 16, 2021

SUPPORT for HB 1142 HD2 (RELATING TO ENERGY. ESTABLISHES A SURCHARGE ON THE SALE OF HIGH-END GASOLINE-POWERED VEHICLES TO FUND THE INSTALLATION OF ELECTRIC VEHICLE CHARGING SYSTEMS..)

Dear Chair Wakai, Chair Lee, Vice-Chair Misalucha, Vice-Chair Inouye, and members of the Committee on Energy, Economic Development, and Tourism and the Committee on Transportation,

On behalf of KauaiEV, a grassroots organization with over 100 members on Kauai, I write **in strong support of HB1142 HD2.**

Our members are electric vehicle drivers, and we believe that EVs are the personal transportation of the future. EVs are very efficient, and several of our members get 170 - 180 miles per gallon equivalent, so EVs are far less polluting and cheaper over their lifetime.

The Electric Vehicle Charging System Rebate Program incentivizes the installation of more public charging stations. People who can afford to pay more than \$60,000 for their cars usually can also afford the surcharge to help the environment, the climate and Hawaii's economically disadvantaged EV drivers. There should be an exception though, where the surcharge could create hardships for small businesses and workers that rely on trucks, while electric trucks are not yet available. Please add a recommendation to exclude small businesses and individuals who rely on vehicles that are not yet available electric.

The International Energy Association recommends a ratio of 10 EVs to 1 working charger - Hawaii's lack of public chargers, especially DC fast chargers is an obstacle to EV adoption. Charge anxiety is a big a problem for EV-driving renters, condo-dwellers and potential EV buyers. 4 of our members had to sell their EVs because they had no way to keep them charged.

Typically 80% of EV charging takes place at home, it's easy and convenient for home owners. Sadly Hawaii's economically disadvantaged usually can't charge at home. For them public chargers are even more important. The public charging infrastructure also greatly benefits EV owners with older models with shorter range.

Please support HB1142 and recommend to exclude small businesses and individuals who rely on vehicles that are not yet available electric.

*Sonja Kass*

Sonja Kass, President KauaiEV

**LATE**

**HB-1142-HD-2**

Submitted on: 3/18/2021 4:15:43 PM

Testimony for TRS on 3/19/2021 3:15:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Gino	Individual	Support	No

Comments:

I support this bill



**LATE**

I support HB1142 Electric Vehicle Charging System Rebate Program. New Vehicle Sales

Electric Vehicle charging infrastructure is dreadfully inadequate even for the relatively small quantity of EVs current on the island. We must boost the ability for private and commercial vehicles to charge if we ever expect to reduce our fossil fuel dependency.

Imposing a usage tax – a surcharge if you wish, on high-end gasoline-powered vehicles to fund infrastructure is a fair and reasonable method to discourage gasoline consumption and build EV charging capabilities.

I have the means to charge at my residence. I do not depend and would not use the EV charging infrastructure. I specifically am saying I am not asking for increased EV charging capability for myself, but for citizens that will need it.

Thank you

Steve Barnes

EV Owner.