

HB-1141

Submitted on: 2/2/2021 1:19:46 PM

Testimony for EEP on 2/4/2021 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Benton Kealii Pang, Ph.D.	Individual	Support	No

Comments:

I support this measure.

HB-1141

Submitted on: 2/2/2021 1:36:45 PM

Testimony for EEP on 2/4/2021 9:00:00 AM

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

Comments:

Dear Honorable Committee Members:

Please support HB 1141.

Thank you,

Andrea Quinn

DAVID Y. IGE
GOVERNOR

JOSH GREEN M.D.
LT. GOVERNOR



ISAAC W. CHOY
DIRECTOR OF TAXATION

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

To: The Honorable Nicole E. Lowen, Chair;
The Honorable Lisa Marten, Vice Chair;
and Members of the House Committee on Energy & Environmental Protection

From: Isaac W. Choy, Director
Department of Taxation

Date: February 4, 2021
Time: 8:30 A.M.
Place: Via Video Conference, State Capitol

Re: H.B. 1141, Relating to Zero-Emission Vehicles

The Department of Taxation (Department) offers the following comments regarding H.B. 1141 for your consideration.

H.B. 1141 creates a new rental motor vehicle emission surcharge tax on rental motor vehicles under Chapter 251, Hawaii Revised Statutes. The tax is equal to \$1 per day, in addition to the existing \$5 per day tax on rental motor vehicles. H.B. 1141 is effective July 1, 2021.

First, the Department notes that it is unclear how the exemption from the new surcharge applies. In order to qualify for the exemption the vehicle must qualify as a zero-emission vehicle pursuant to the new section 437D-___. However, the new section 437D-___ requires certification that a fleet over 200 vehicles has a required percentage of zero-emission vehicles. There is no certification of any vehicle in section 437D-___ as currently written. The Department suggests resolving this inconsistency.

In addition, it appears that only fleet owners with more than 200 vehicles can get certified and therefore exempted from the new surcharge. If this was not the intent, the Department suggests clarifying this provision also.

Second, if the new rental motor vehicle emission surcharge tax becomes law, the Department suggests the following amendment to the definition of "surcharge tax" in section 251-1, Hawaii Revised Statutes:

"Surcharge tax" means the rental motor vehicle and tour vehicle surcharge tax established under this chapter~~[.]~~, the car-sharing vehicle surcharge tax

established under this chapter, and the rental motor
vehicle emissions surcharge tax under section 251- .

Finally, the Department respectfully requests an effective date of no earlier than January 1, 2022 in order to have time to make the requisite changes to its forms, instructions, and computer system.

Thank you for the opportunity to provide comments.

HB-1141

Submitted on: 2/2/2021 4:24:42 PM

Testimony for EEP on 2/4/2021 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Fernando L Alvarado	Individual	Support	No

Comments:

The idea of having a zero-emissions fleet for rentals is excellent. As a transitional step, you should start requiring that a certain percentage of the car fleets be zero emissions ahead of 2035.



Robert Muhs, Esq.
Vice President Government Affairs,
Corporate Compliance &
Business Ethics
T - 973 496-3532
Robert.muhs@avisbudget.com

Representative Nicole Lowen, Chair
Representative Lisa Marten, Vice Chair
Committee on Energy & Environmental Protection

Thursday, February 4, 2021, 9:00 a.m.
Via Videoconference

RE: HB 1141 – Relating to Zero-Emission Vehicles – In Opposition

Aloha Chair Lowen, Vice Chair Marten and members of the committee:

My name is Robert Muhs, Vice President Government Affairs, Corporate Compliance and Business Ethics for Avis Budget Group. Avis Budget appreciates this opportunity to offer testimony in opposition to HB 1141, which assess a \$1 per day rental motor vehicle emissions surcharge tax on non-zero-emission vehicles and also sets benchmarks on the number of zero-emission vehicles a rental motor vehicle company must have.

This is a manufacturers issue. If not enough zero-emission vehicles are produced, it would be impossible to achieve the benchmarks established in this bill.

Additionally, we question why the Legislature is targeting an industry that has been struggling through the pandemic. With Hawaii having one of the highest rental car surcharge amounts in the country, we ask that the industry be allowed to recover before additional fees and increases be considered.

For these reasons, we ask that the committee defer this measure. Thank you.



HB 1141, RELATING TO ZERO-EMISSION VEHICLES

FEBRUARY 4, 2021 · HOUSE ENERGY AND
ENVIRONMENTAL PROTECTION COMMITTEE ·
CHAIR REP. NICOLE E. LOWEN

POSITION: Support.

RATIONALE: Imua Alliance supports HB 1141, relating to zero-emission vehicles, which requires certain rental motor vehicle lessors to expedite the incorporation of one hundred per cent zero-emission vehicles into the lessor's fleet by 7/1/2035; requires motor vehicle lessors to certify their compliance to the director of commerce and consumer affairs; and beginning 1/1/2022, establishes a rental motor vehicle emissions surcharge tax on certain rental motor vehicles with internal combustion engines.

According to a report produced by the Hawai'i Climate Change Mitigation and Adaptation Commission, global sea levels could rise more than three feet by 2100, with more recent projections showing this occurring as early as 2060. In turn, over the next 30 to 70 years, approximately 6,500 structures and 19,800 people statewide will be exposed to chronic flooding.

Additionally, an estimated \$19 billion in economic loss would result from chronic flooding of land and structures located in exposure areas. Finally, approximately 38 miles of coastal roads and 550 cultural sites would be chronically flooded, on top of the 13 miles of beaches that have already been lost on Kaua'i, O'ahu, and Maui to erosion fronting shoreline armoring, like seawalls.

Furthermore, according to research conducted by Michael B. Gerrard from Columbia Law School, modern-day slavery tends to increase after natural disasters or conflicts where large numbers of people are displaced from their homes. In the decades to come, says Gerrard, **climate change will very likely lead to a significant increase in the number of people who are displaced and, thus vulnerable, to human trafficking.** While the Paris Climate Agreement of 2015 established objectives to limit global temperature increases and several international agreements are aimed at combating modern-day slavery, it is highly uncertain whether they will be adequate to cope with the scale of the problem that is likely to occur as a result of climate change.

As we work to reduce carbon emissions and stave off the worst consequences of climate change, we must begin preparing for the adverse impact of sea level rise on our shores. We are now quantifying the speed at which we must act. We cannot continue to develop the 25,800-acre statewide sea level rise exposure area—one-third of which is designated for urban use—without risking massive structural damage and, potentially, great loss of life.

Therefore, we should take steps to accelerate Hawai'i's efforts to address climate change and develop a clean economy, including by reducing combustion-engine powered vehicles on our state's streets. **Norway will end the sale of new cars that use fossil fuels in 2025. The Netherlands will enact a similar plan, but by 2030. France and the UK have called for total internal-combustion vehicle bans by 2040.** Hawai'i should do the same and compel transportation companies affiliated with our visitor industry to follow suit, since these nations prove that we can transition our transportation sector to EV technology without damaging our economy. For the sake of our keiki, we cannot afford to wait to solidify strategies to preserve our island home for generations to come.

Kris Coffield · Executive Director, Imua Alliance · (808) 679-7454 · kris@imuaalliance.org



Email: communications@ulupono.com

HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION
Thursday, February 4, 2021 — 8:30 a.m.

Ulupono Initiative supports HB 1141, Relating to Zero-Emission Vehicles.

Dear Chair Lowen and Members of the Committee:

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

Ulupono supports HB 1141, which requires certain rental motor vehicle lessors to expedite the incorporation of one hundred per cent zero-emission vehicles into the lessor's fleet by 7/1/2035; requires motor vehicle lessors to certify their compliance to the Director of Commerce and Consumer Affairs; and, beginning on 1/1/2022, establishes a rental motor vehicle emissions surcharge tax on certain rental motor vehicles with internal combustion engines.

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 phasing in light-duty rental motor vehicle fleets as zero-emission vehicles.

Ulupono would like to request an amendment for consideration. We would like to see moneys received from the rental motor vehicle emissions surcharge tax described in this measure to be reinvested into zero-emission vehicle infrastructure, such as Hawai'i Energy's Electric Vehicle Charging Station Rebate Program. Similarly, such funds could be utilized to retrofit the airport rental facilities with adequate charging/fueling infrastructure to support the rental fleets' conversion to zero-emission vehicles.

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.

Investing in a Sustainable Hawai'i

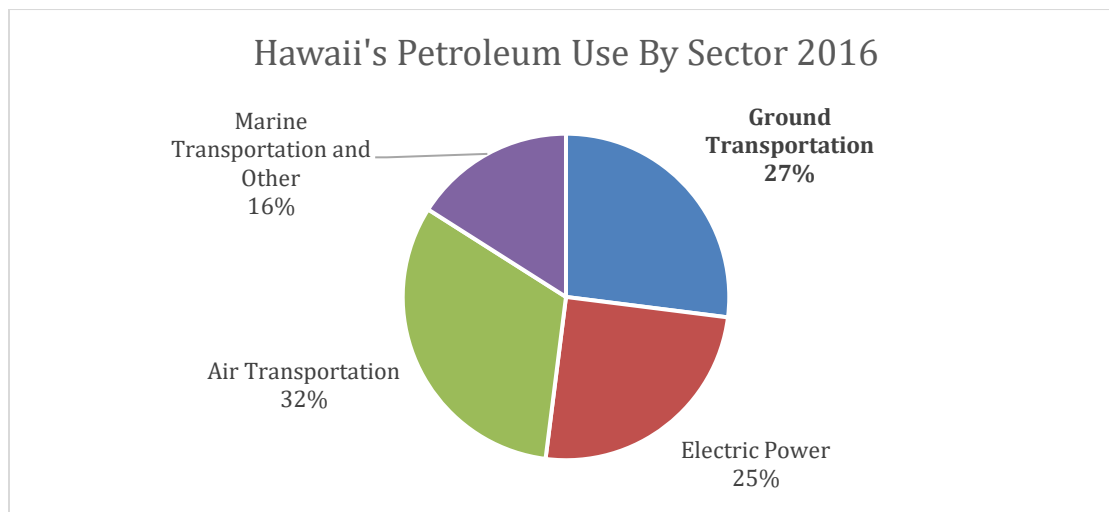
In fact, the Governor of California recently signed an executive order to eliminate the sale of new gas cars and trucks by 2035. California joins a multitude of countries and cities across Europe, as well as China and British Columbia, who have taken similar measures to eliminate the sale of new fossil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

Most recently, Nissan committed to having every new vehicle in major markets (including the US) be electrified by the early 2030s and just last week 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.

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 have been growing by about 25% per year, Hawai'i must encourage this still nascent market and be prepared with the necessary infrastructure.

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, and alleviate range anxiety for all EV drivers, a top-cited barrier to purchasing EVs. Similar to the benefits that community solar offers to renters and apartment residents, public chargers open up the opportunity and feasibility of owning an EV to more people, increasing equity and access.

This bill is 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 this opportunity to testify.

Respectfully,

Micah Munekata
Director of Government Affairs

HB-1141

Submitted on: 2/2/2021 9:19:46 PM

Testimony for EEP on 2/4/2021 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Kenneth Eisner	Individual	Support	No

Comments:

I support this bill because electric vehicles are the future. It's time we put our money where our mouth is and be a green energy leader as the state of Hawaii.

HB-1141

Submitted on: 2/2/2021 10:03:26 PM

Testimony for EEP on 2/4/2021 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Ted Bohlen	Climate Protectors Coalition	Support	No

Comments:

To: The House Committee on Energy and Environmental Protection (EEP)

From: Climate Protectors Coalition

Hearing Date: Thursday, February 2, 2021, 9:00 am

In support of HB1141 RELATING TO ZERO EMISSION VEHICLES

Aloha Chair Lowen, Vice Chair Marten, and Energy and Environmental Protection Committee members:

The Climate Protectors Coalition **supports HB1141.**

The Climate Protectors Coalition is a group inspired by the Mauna Kea Protectors but focused on reversing the climate crisis. As a tropical island State, Hawaii 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 at least carbon neutral as soon as possible.

This bill would reduce greenhouse gas emissions and raise revenue for the Energy Security Special Fund by establishing a rental vehicle emissions surcharge of \$1/day for those with internal combustion engines. The rental companies will have to ramp up their fleets' zero emission light duty passenger vehicle percentage from at least 10% by July 1, 2025 to 100% by July 1, 2035.

The Climate Protectors ask that you pass this bill. Mahalo!

Climate Protectors Coalition (by Ted Bohlen)

HB-1141

Submitted on: 2/2/2021 11:26:37 PM

Testimony for EEP on 2/4/2021 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
David Mulinix	Our Revolution Hawaii	Support	No

Comments:

Aloha Kakou Members of the Energy & Environmental Protection committee

On behalf of our 7,000 supporters and members statewide, Our Revolution Hawaii strongly supports HB 1141.

Malama Pono, Dave Mulinix,

Statewide Community Organizer

Our Revolution Hawaii



To: The House Committee on Energy and Environmental Protection
From: Sherry Pollack, 350Hawaii.org
Date: Thursday, February 4, 2021, 9:00 am

In support of HB1141

Aloha Chair Lowen, Vice Chair Marten, and Energy and Environmental Protection Committee members,

I am Co-Founder of the Hawaii chapter of 350.org, the largest international organization dedicated to fighting climate change. 350Hawaii.org **supports HB1141 with some suggested amendments.**

Incorporating large numbers of zero-emission vehicles into rental motor vehicle fleets would significantly reduce carbon emissions, increase the number of zero-emission vehicles entering the secondary market, making them more affordable to more Hawaii residents, and demonstrate to all who visit the State that Hawaii is a leader in clean energy and sustainable transportation.

However, the definition of "Hydrogen fuel cell vehicle" should specify **hydrogen made from renewable sources**. Hydrogen can be produced in many ways, including by burning fossil fuels.

Second, we strongly urge that the targets for implementation be accelerated to achieve 100% **by 2030** rather than 2035 to be more in sync with what scientists say is necessary to achieve the needed reductions in greenhouse gas emissions. Climate change is very much upon us. Important measures like this should take effect absolutely as soon as possible. The UN IPCC report makes clear we have kicked the can down the road for far too long and must take immediate responsibility for the damage we've already done.

Zero-emission vehicles are better for the environment and the economy, and can help Hawaii's electric utilities achieve 100% renewable electricity. They are the future for Hawaii and rental car fleets are the most logical place to accelerate progress on EV adoption statewide.

Thank you for the opportunity to testify.
Sherry Pollack
Co-Founder, 350Hawaii.org

HB-1141

Submitted on: 2/3/2021 5:08:00 AM

Testimony for EEP on 2/4/2021 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Dean Shimabukuro	Individual	Support	No

Comments:

I am a resident of Waipio Gentry on Oahu and have owned and been driving an Electric Vehicle since 2020.

I left the Auto retail industry in 2019 after nearly 40 years and I have seen much development in the design of automobiles.

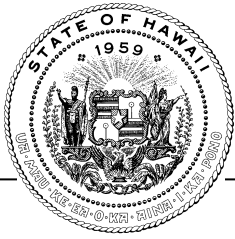
I am convinced that electric vehicles will become the dominant choice in the market soon and will influence manufacturers to shift their focus away from vehicles with internal combustion engines (so-called "ICE cars"). The rental market will also follow and, therefore, I think this Bill will place Hawaii in line with market trends that are presently developing.

Thank you,

Dean Shimabukuro

President

IkigaiHI, LLC



HAWAII STATE ENERGY OFFICE STATE OF HAWAII

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

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

Testimony of
SCOTT J. GLENN, Chief Energy Officer
before the
HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

Thursday, February 4, 2021
9:00 A.M.
Via videoconference

Comments in consideration of
HB 1141
RELATING TO ZERO-EMISSION VEHICLES.

Chair Lowen, Vice Chair Marten, and Members of the Committee, the Hawaii State Energy Office (HSEO) offers comments in support of HB 1141, which requires certain rental motor vehicle lessors to expedite the incorporation of one hundred per cent zero-emission vehicles into the lessor's fleet by 7/1/2035, requires motor vehicle lessors to certify their compliance, and establishes a rental motor vehicle emissions surcharge tax on certain rental motor vehicles with internal combustion engines.

HB 1141 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 tons 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.

The adoption and widespread deployment of electric vehicles is essential to reduce Hawaii’s dependence on fossil fuels. Rental car efficiency is one of the recommended petroleum reduction tactics identified on page 9 of the Hawaii Clean Energy Initiative Transportation Energy Analysis, prepared for HSEO by the International Council on Clean Transportation. Incorporating electric vehicles into vehicle rental fleets will markedly increase exposure to electric vehicles, which can boost acceptance and adoption of electric vehicles by familiarizing travelers with the technology and operating characteristics of the vehicles.

HSEO has questions regarding the installation and operation of electric vehicle charging equipment at the facilities used by lessors of rental motor vehicles in the State to support the levels of zero-emission light duty passenger vehicles scheduled in the bill. In 2020, it was reported that Kahului airport’s rental car facilities managed an inventory of more than 20,000 vehicles. The recently completed Kahului Airport Consolidated Rent-A-Car (CONRAC) facility has parking stalls for: 1,817 for ready-return vehicles, 1,926 for staging/storage, and 693 for airport employee parking, along with quick-turn-around areas accommodating 12 car wash bays, 11 mechanic stations, and 72 fuel positions. Understanding the cost and logistics required to upgrade the newly constructed facility to allow for the rapid charging of zero-emission light duty passenger vehicles is critically important to ensuring the success of this bill’s objectives. A new CONRAC facility is currently under construction at the Daniel K. Inouye International Airport in Honolulu as well. These facilities, along with all rental facilities which have inventory of light duty passenger vehicles should be assessed to fully understand their ability to install and operate the necessary charging infrastructure to support zero-emission light duty passenger vehicles. It is likely that significant electric system upgrades would be required to support level 3 DC fast charging infrastructure in many of the facility locations.

Also, HSEO recommends the measure be amended such that the zero-emission vehicle requirements apply to all lessors owning and operating light duty passenger vehicles and not be limited to lessors owning and operating more than two hundred light duty passenger vehicles as rental motor vehicles statewide. 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 market participants to address the effects of climate change to protect the State's economy, environment, health, and way of life. Finally, HSEO recommends consultation with the Attorney General's Office to ensure the requirements of the bill comply with the Clean Air Act.

Thank you for the opportunity to testify.

Hawaii Electric Vehicle Association

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



February 3, 2021

Dear Chair Lowen, Vice Chair Marten, and EEP Committee members,

Hawaii Electric Vehicle Association is in SUPPORT of HB1141.

We must be even more aggressive in the decarbonization of our transportation sector so that we can meaningfully contribute to climate action and pave the way to energy independence. The electrification of transportation is an important way to accomplish this.

HB1141 creates the needed tension to accelerate the transition of our vast rental car fleet to more sustainable electric vehicles. This shift is inevitable, manufacturers like GM have declared the intention to sunset the internal combustion engine cars and many have introduced or are planning to introduce electrified options. This is in response to changing consumer preference and the announcement of future bans of gas cars by several countries and states.

Hawaii EV is supportive of all strategies designed to accelerate the electrification of our transportation sector. HB1141 will encourage rental car providers to begin transforming their fleet to one that is more sustainable.

Thank you for your support of HB1141.

Sincerely,

A handwritten signature in black ink, appearing to read "Noel Morin", written over a horizontal line.

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.



SanHi

GOVERNMENT STRATEGIES

A LIMITED LIABILITY LAW PARTNERSHIP

DATE: February 3, 2021

TO: Representative Nicole Lowen
Chair, Committee on Energy and Environmental Protection

FROM: Mihoko Ito

RE: **H.B. 1141, Relating to Zero-Emission Vehicles**
Hearing Date: Thursday, February 4, 2021 at 9:00 a.m.
Conference Room 325

Dear Chair Lowen, Vice Chair Marten, and Members of the Committee on Energy and Environmental Protection:

We submit this testimony on behalf of Enterprise Holdings, which includes Enterprise Rent-A-Car, Alamo Rent-A-Car, National Car Rental, and Enterprise Commute (Van Pool).

Enterprise Holdings **opposes** H.B. 1141, which would establish a daily rental motor vehicle emissions surcharge tax of \$1 per day, and require rental car companies to have a 100 percent zero-emission vehicle fleet by 2035.

Enterprise has been a leader in sustainability in its industry and has invested in sustainable transportation by incorporating fuel efficient vehicles in its fleets, and launching car sharing and van pool services in Hawaii. When electric vehicles first came onto the market, Enterprise launched a new program in Hawaii to incorporate electric vehicles into its fleet. Despite the significant investment in EVs, consumer-driven demand for these vehicles was unsuccessful. As a practical matter, the rental car industry is driven by market demand. Rental car companies can offer a selection of vehicles but cannot force customers to rent one type of vehicle. Due to their design and construction, electric vehicles provide small trunk space and are less desirable for tourists vacationing in the islands with multiple pieces of luggage.

Enterprise opposes the mandate in this bill that requires rental car companies to incorporate zero-emission vehicles, including electric, hybrid, or fuel cell vehicles, in their fleet and to meet a 10 percent requirement by 2025, 30 percent by 2028, 50 percent by 2030, and 100 percent by 2035. Given that 85% of renters are tourists, it is unclear where tourists would charge these electric vehicles. Charging stations need to be conveniently available in numerous locations across the islands – airport facilities, hotels, attractions, restaurants, shopping malls and other tourist destinations. These locations may not have the capacity or financing available to support the necessary charging infrastructure required to sustain these vehicles.

This lack of infrastructure will result in a negative vacation experience for tourists searching for charging stations and experiencing significant waits as their vehicles fully charge.

In addition, the mandated fleet conversion proposed in this measure does not address the current need for additional charging infrastructure at airport facilities. The new Consolidated Rental Car Facility under construction on Oahu was not designed to accommodate widespread EV charging conduits. At most, the new facility is only able to support a few charging stations per rental car company, and not entire fleets of rentals at a significant cost to the state. In contrast H.B. 1141 requires rental car companies to change out their entire fleets of vehicles in just 15 years at a significant cost due to the higher cost of an electric vehicles compared to traditional gasoline-powered vehicles.

Enterprise is also concerned that the stated purpose of this measure is to increase the number of zero-emission vehicles entering the secondary market, thereby making them more affordable Hawaii residents. This measure incorrectly assumes that rental motor vehicles are sold on the secondary market in Hawaii, when in practice only a small number of rental vehicles are sold here locally.

Enterprise also opposes the additional \$1 daily vehicle emissions surcharge that would be assessed on top of the current \$5 daily rental motor vehicle surcharge tax. As it is, the state already collects from rental car customers substantial sums of money to be used for state purposes. Just two years ago, the Governor signed Act 174 into law which increased the rental motor vehicle surcharge tax from \$3 to \$5 a day. H.B. 1141 now proposes to add yet another fee onto each transaction.

The tax burden on rental cars is already disproportionate to what other vehicles pay. While rental cars only comprise about 5% of the total vehicles in the State, the \$5 per day surcharge represents approximately 26% of the total funds in the highway special fund. We do not feel that it is justified to solicit additional contributions from renters, and feel that it will alienate customers.

The rental car industry has sustained and continues to sustain significant losses due to the global pandemic. At the peak of the COVID 19 pandemic, the rental car industry was down 95%, and is only now starting to slowly make a recovery that is projected to take several years.

Enterprise is supportive of the state's efforts to move toward sustainable transportation and has participated in several working groups over the years that were tasked with increasing zero-emission vehicle charging infrastructure. We appreciate the opportunity to continue to engage in productive conversations about ways to increase the availability of charging infrastructure and the growth of the electric vehicles market in a sustainable way without mandating requirements on private business.

For the above reasons, we respectfully oppose this measure and ask that it be held. Thank you for the opportunity to submit this testimony.



HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

February 4, 2021, 9:00 A.M.

Video Conference

TESTIMONY IN SUPPORT OF HB 1141

Aloha Chair Lowen, Vice Chair Marten, and members of the Committee:

Blue Planet Foundation **supports HB 1141**, which requires that an increasing percentage of rental cars used in Hawai'i be zero-emission vehicles (ZEVs) until the rental fleet is entirely comprised of ZEVs. **The rental car industry operates the state's largest vehicle fleets**, and the frequent turnover of the vehicles (estimated to be about 13 months) means far more ZEVs entering the secondary market at a discounted cost, allowing many more Hawai'i residents to experience the benefits of ZEVs and help Hawai'i reach its clean energy goals faster.

Hawai'i's visitor industry must embrace a clean energy future

As Hawai'i seeks to recover from the coronavirus pandemic, we are offered an unparalleled opportunity to build back better and press the reset button on tourism. House Bill 1141 is an important measure to align the visitor industry with Hawai'i clean energy future.

Blue Planet Foundation is a local, mission-driven nonprofit committed to clearing the path for 100% clean energy in Hawai'i and believes that zero-emissions vehicles, like battery electric vehicles (EVs) and hydrogen fuel cell vehicles, will play a pivotal role in helping to eliminate fossil fuel use for both the ground transportation and the electricity sectors. ZEVs are better for the environment, can lower household transportation costs, and can help Hawai'i's electric utilities achieve 100% renewable electricity while lowering household electric bills.

The volume and model types of battery electric vehicles coming onto the market are expected to dramatically increase in the next three to five years due to falling battery costs and EV-incentivizing policies from places around the world. Last fall, California 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, 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. 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.

info@blueplanetfoundation.org

55 Merchant Street 17th Floor • Honolulu, Hawai'i 96813 • 808-954-6161 • blueplanetfoundation.org

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.

The longer driving ranges, lower costs, and larger selection of models will make it possible for many of Hawai‘i’s residents and visitors to lower their carbon footprints and take advantage of the economic benefits that EVs offer. However, there are two challenges to efficient EV adoption that HB 1141 attempts to address: (1) additional funding is needed to accelerate Hawai‘i’s clean energy transition and build out an accessible, convenient, and equitable; and (2) only a small percentage of the state’s population has the financial resources to purchase new cars—i.e. it could take a number of years for the influx of quality, affordable EVs to trickle down to the secondary market and become available to most people in the state.

Expanding resources for Hawai‘i’s clean energy transition

The surcharge imposed by this bill would be deposited into the energy security special fund and could be used for the funds authorized purposes that can help accelerate Hawai‘i’s transition to a decarbonized future. This can include the building out of Hawai‘i’s public charging network.

The International Energy Agency has found that “the availability of chargers emerged as one of the key factors for contributing to the market penetration of EVs.”¹ The development of public charging facilities necessary to enable a high penetration of battery EVs in the rental market would be more than adequate to meet the charging needs of the state’s population simultaneously. Those public chargers are integral to EV adoption, as they serve as primary charging for those living in multi-family properties and as backup charging for those who are able to charge their vehicles at home. Moreover, the optimal time to charge an EV is during the day when renewable energy is abundant. Yet, there is a notable lack of charging options at workplaces and at publicly accessible locations. House Bill 1141 can help ensure that the visitor industry is also committed to building out this charging network for the public good.

Stimulating a secondary market of quality, affordable EVs

While there are no publicly available figures on the total number of rental cars on Hawai‘i’s roadways, some have estimated the number to be around 40,000, which would make rental cars by far the largest vehicle fleets in the state.

¹ *Global EV Outlook 2017*, at 29, <https://www.iea.org/reports/global-ev-outlook-2017>.

Additionally, due to proprietary nature of the rental car business, there is no publicly available data on the average turnover rate for rental car fleets in Hawai'i; some national estimates put the average turnover time at around 13 months.²

By any estimates, however, incorporating meaningful ratios of ZEVs into rental car fleets would translate into thousands of more ZEVs entering the secondary vehicle market each year. This would mean that many more of Hawai'i's residents could afford to buy a ZEV, reducing their carbon footprints and lowering their transportation costs.

Rental cars represent the largest vehicle fleets in Hawai'i. Policies that expedite the scaling of ZEVs into rental car fleets will not only decrease the carbon footprint of the visitor industry, but due to the high frequency of fleet turnover, could translate into a huge influx of ZEVs onto the secondary market, making them affordable for far more Hawai'i residents.

Conclusion

Zero-emission vehicles are better for the environment and the economy, and can help Hawai'i's electric utilities achieve 100% renewable electricity. The rental car industry operates the state's largest vehicle fleets and the frequent turnover of the vehicles would translate into far more ZEVs entering the secondary market, allowing many more Hawai'i residents to participate in the benefits of ZEVs.

This bill can help to dramatically expedite the uptake of ZEVs in Hawai'i and help to develop a public charging network necessary to accommodate those vehicles.

Thank you for the opportunity to provide testify.

² The Motley Fool, *Surprising Facts about the Rental Car Industry*, <https://www.fool.com/investing/general/2012/07/13/surprising-facts-about-the-rental-car-industry.aspx>.

LATE

HB-1141

Submitted on: 2/3/2021 10:20:56 AM

Testimony for EEP on 2/4/2021 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Constance Casey	Individual	Support	No

Comments:

I fully support the increase of electrical vehicles on the Island. We need to remove our reliability on gasoline, and this state gets enough sun that solar powered every vehicle is an easy goal. I will add that this date should be pushed forward, to sub 2030. 2035 is too far out.

LATE

HB-1141

Submitted on: 2/3/2021 11:18:13 AM

Testimony for EEP on 2/4/2021 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Amy Weed	Weedrivetesla	Support	No

Comments:

Aloha- I own a Tesla rental company on Oahu with more than 300 trips in less than 2 years with a fleet of 5 cars. I have experienced every situation my clients have had. We off less than 30 min response rate to our clients and 95% of the issues are EV charging infrastructure on the island. Most issues my clients have is the current EV chargers if working are having lines 2 hrs long a a 2 hr limit. The time it takes to charge ev could be reduced significantly if we had higher level chargers accessible to all demographics of people all over the island. To improve our environment, the Hawaii state emissions goals, and health of our community we need to support infrastructure first, if we want to succeed electrification for Hawaii.

LATE

HB-1141

Submitted on: 2/3/2021 8:13:16 PM

Testimony for EEP on 2/4/2021 9:00:00 AM

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

Comments:

Please support HB1141