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# A BILL FOR AN ACT

RELATING TO THE ENVIRONMENT.

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

1           SECTION 1. The legislature finds that the use of fossil  
2 fuels is the State's primary contributor to greenhouse gas  
3 emissions. These emissions cause climate change, which poses a  
4 serious threat to the State's economic well-being, public  
5 health, infrastructure, and environment. The State's dependence  
6 on fossil fuels also drains the economy of billions of dollars  
7 each year, makes residents vulnerable to the volatility of oil  
8 prices, and puts residents at increased risk in the event of a  
9 natural disaster. Thus, Act 15, Session Laws of Hawaii 2018,  
10 was enacted to establish a goal for the State to become carbon  
11 neutral by 2045.

12           The legislature further finds that the transportation  
13 sector accounts for the use of over two thirds of the oil  
14 imported into the State. The legislature notes that, for ground  
15 transportation, electric vehicles provide a viable, cost-  
16 effective alternative to vehicles that run on fossil fuel. The  
17 legislature demonstrated its support for the use of clean ground

1 transportation alternatives through Act 74, Session Laws of  
2 Hawaii 2021, which established clean ground transportation goals  
3 for state agencies to achieve a one hundred per cent light-duty  
4 motor vehicles zero-emission fleet by the end of 2035.

5 The purpose of this Act is to facilitate the transition to  
6 one hundred per cent clean ground transportation in the State  
7 by:

- 8 (1) Establishing a zero-emission vehicle fleet purchasing  
9 assistance program to support the transition of  
10 private fleets to zero-emission vehicles; and
- 11 (2) Tasking the Hawaii state energy office to work with  
12 the department of transportation to design strategies  
13 to implement the program.

14 SECTION 2. (a) There is established a zero-emission  
15 vehicle fleet purchasing assistance program within the Hawaii  
16 state energy office to make financing tools and nonfinancial  
17 supports available to operators of light-, medium-, and heavy-  
18 duty vehicle fleets to facilitate these operators in  
19 transitioning their fleets to zero-emission vehicles. The  
20 Hawaii state energy office is designated as the agency  
21 responsible for developing and administering the program and



1 shall work with the department of transportation to design  
2 strategies to implement the program.

3 (b) In developing and administering the program, the  
4 Hawaii state energy office shall:

5 (1) Seek input from various stakeholders regarding  
6 specified program components to be determined by the  
7 Hawaii state energy office, including:

8 (A) Which light-, medium-, and heavy-duty vehicle  
9 fleets should be designated as high-priority  
10 fleets, taking into consideration the  
11 implications for climate change, pollution,  
12 environmental justice, and state policy regarding  
13 clean air and transportation;

14 (B) The critical barriers impeding light-, medium-,  
15 and heavy-duty vehicle fleets in different  
16 sectors and of different fleet sizes from  
17 transitioning to zero-emission vehicles;

18 (C) The financing tools and nonfinancial supports  
19 that should be used to help overcome critical  
20 barriers; and



1 (D) How to determine whether the program is  
2 successful in meeting its goals;

3 (2) Develop and design, in consultation with other  
4 relevant state agencies and considering the input  
5 received pursuant to paragraph (1), financing tools  
6 and nonfinancial supports that are most appropriate  
7 for different sizes of private fleets; and

8 (3) Ensure that the financing tools and nonfinancial  
9 supports required to administer the program are  
10 available to operators of private fleets by January 1,  
11 2024.

12 (c) The Hawaii state energy office, in consultation with  
13 the department of transportation, shall develop a data  
14 collection and dissemination strategy for the program to  
15 facilitate informed decision-making by other state agencies and  
16 private sector financiers. The strategy developed shall include  
17 data necessary to facilitate the financing of zero-emission  
18 vehicles to increase the scalability of financial tools and  
19 nonfinancial supports. These data shall include vehicle and  
20 battery performance, upfront and operational costs, residual



1 values, operational revenues, and zero-emissions vehicle miles  
2 traveled.

3 (d) As used in this section:

4 "Financing tools" includes the following:

5 (1) Capital instruments, which are financing instruments  
6 that increase access to capital or other resources or  
7 reduce the cost of capital, or both, including  
8 interest rate reductions, public-backed "soft" loans,  
9 grants, bonds, and investment aggregation or  
10 warehousing;

11 (2) Risk reduction instruments, which are financing  
12 instruments that reduce exposure to risk or  
13 uncertainty, including performance guarantees and  
14 asset residual value guarantees; and

15 (3) Cost-smoothing instruments, which are financing  
16 instruments that reduce and smooth up-front or  
17 recurrent costs, or both, including operational  
18 leasing, all-inclusive or "wet" leasing, lease-  
19 purchase agreements, and on-bill financing.

20 "Fleet" means one or more vehicles under common control or  
21 ownership.



1 "Light-, medium-, and heavy-duty vehicle" includes cars,  
2 trucks, buses, and vehicles used for transportation,  
3 construction, and earth-moving purposes.

4 "Nonfinancial supports" means technical support, including  
5 supports for technical management of electric light-, medium-,  
6 and heavy-duty vehicles; technical assistance for financing  
7 approaches; battery health programs; and creation of residual  
8 markets; or policy action, including policy measures to enable  
9 financing or encourage fleet transitions.

10 "Program" means the zero-emission vehicle fleet purchasing  
11 assistance program.

12 "Zero-emission vehicle" has the same meaning as contained  
13 in title 40 Code of Federal Regulations section 88.102-94.

14 SECTION 3. The Hawaii state energy office shall submit a  
15 report of its findings and recommendations, including any  
16 proposed legislation, on its progress in establishing a zero-  
17 emission vehicle fleet purchasing assistance program to the  
18 legislature no later than twenty days prior to the convening of  
19 the regular session of 2025.

20 SECTION 4. This Act shall take effect on July 1, 3000.



**Report Title:**

Clean Ground Transportation; Private Fleets; Zero-Emission Vehicles; Hawaii State Energy Office; Department of Transportation

**Description:**

Establishes a zero-emission vehicle fleet purchasing assistance program within the Hawaii state energy office to support the transition of private fleets to zero-emission vehicles. Designates the Hawaii state energy office as the agency responsible for developing and administering the program and requires the Hawaii state energy office to work with the department of transportation to design strategies to implement the zero-emission vehicle fleet purchasing assistance program. Effective 7/1/3000. (HD1)

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