



HAWAII STATE ENERGY OFFICE STATE OF HAWAII

JOSH GREEN, M.D.
GOVERNOR

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Testimony of
MARK B. GLICK, Chief Energy Officer

before the
SENATE COMMITTEE ON WAYS AND MEANS

Wednesday, February 22, 2023
9:30 AM
State Capitol, Conference Room 211 and Videoconference

In Support of
SB 1534, SD1

RELATING TO TRANSPORTATION.

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee, the Hawai'i State Energy Office (HSEO) provides comments in support of SB1534, SD1, which replaces the \$50 annual vehicle registration surcharge for electric vehicles with a capped mileage-based road user fee for electric vehicles and establishes the Hawai'i Highway Safety and Modernization Council effective 7/1/2023.

HSEO's comments are guided by its mission to promote energy efficiency, renewable energy, and clean transportation to help achieve a resilient, clean energy, decarbonized economy. Sustainable funding for Hawai'i's roadway maintenance costs needs to be addressed to ensure a smooth transition as Hawaii decarbonizes ground transportation. HSEO is currently engaging with State agencies and stakeholders to discuss the issues raised from this measure. HSEO regularly collaborates with the Hawai'i Department of Transportation (HDOT) on efforts including the designation of Alternative Fuel Corridors by the Federal Highway Administration and the National Electric Vehicle Infrastructure (NEVI) Hawai'i State Plan to build out infrastructure on those corridors and will continue that collaboration.

HSEO supports the requirement in SB1534, SD1, Section 2 to extend the mileage-based road use charge to all passenger vehicles and light duty trucks by

December 31, 2033. It is an important signal to the market and the adopters of electric vehicles that the intent is to move all vehicles to a sustainable and equitable framework to collect revenues for road maintenance. The mileage-based road use charge should be devised in such a way to transparently incentivize residents to utilize more fuel efficient vehicles and alternative modes of transportation including public transit, electric mobility, bicycling, and walking. Residents can easily understand that reducing the miles they drive results in a lower annual mileage-based road use charge. To support the expedient transition to this revenue collection framework HSEO would respectfully request extending the authority to implement the program for all light duty passenger vehicles and light duty trucks to the HDOT within SB1534, SD1. The authority would be in addition to the requirement that a plan be developed to fully implement a state mileage-based road use charge program to encompass all passenger vehicles and light duty trucks by December 31, 2033. This provides HDOT the flexibility to move forward as soon as practicable while maintaining the 2033 target.

Thank you for the opportunity to testify.

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 305

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: FUEL, MISCELLANEOUS, MOTOR VEHICLE, New Road Usage Charge for Electric Vehicles

BILL NUMBER: SB 1534 SD 1

INTRODUCED BY: Senate Committee on Transportation & Culture and the Arts

EXECUTIVE SUMMARY: Replaces the \$50 annual vehicle registration surcharge for electric vehicles with a capped mileage-based road user fee for electric vehicles. Establishes the Hawai'i Highway Safety and Modernization Council effective 7/1/2023; provided that implementation of user fees take effect 1/1/2025.

SYNOPSIS: Adds a new section to chapter 249, HRS, to impose a road usage charge (RUC) in the amount of 0.8 cents per mile traveled less the estimated amount of paid state motor fuel taxes. Applies to electric vehicles, defined as a vehicle, with four or more wheels, a gross vehicle weight rating less than or equal to ten thousand pounds, and the capability to operate legally at a speed of more than thirty-five miles per hour, that draws propulsion energy exclusively from a battery that can be recharged from an external source of electricity. The number of miles traveled will be determined by comparing the odometer readings in the vehicle's two most recent annual vehicle inspection (safety check) reports.

RUC realizations are deposited into the state highway fund.

Provides that vehicle owners may elect to pay a \$70 registration surcharge in lieu of the RUC until June 30, 2028.

Amends section 249-31, HRS, to delete the annual registration surcharge of \$50 that now applies to electric vehicles. The surcharge, after amendment, will apply only to alternative fuel vehicles.

EFFECTIVE DATE: July 1, 2023, provided that sections 2, 4, 5 and 6 shall take effect on January 1, 2025.

STAFF COMMENTS: The Senate Committee on Transportation and Culture and the Arts substituted the contents of HB 1110, an Administration bill sponsored by the Department of Transportation and designated TRN-11 (23). It authorizes a program called HiRUC that has been in the works for a few years now.

We observe that the State's policy toward electric and other zero-emission vehicles has not been consistent. In the early 2010's, State policy was to incentivize such vehicles for being environmentally friendlier. Several benefits came with the special plate that accompanied an electric vehicle, including the ability to park at government parking lots (including at the airport!) and street spaces for free, and the ability to jump into carpool lanes even though there is just one person in the car. Sadly, good things don't last forever. The free parking benefit and the

carpool lane benefit expired on June 30, 2020, according to the terms of the 2012 law that spawned them (Act 168, SLH 2012).

The pendulum started swinging the other way this decade. From January 1, 2020, thanks to Act 280, SLH 2019, electric vehicle owners were slapped with a \$50 surcharge on their annual vehicle registration fees.

The reason for the reversal appears to be economic: the Department of Transportation needs money to repair and construct roads, bridges, highways, and byways. Its primary source of money to do that has been the State Highway Fund, which is fed primarily by the fuel tax. As electric vehicles and other alternative fuel vehicles gain acceptance, however, fewer people buy fuel, and the fuel tax has been slowly drying up.

As the Department of Transportation stated in its justification sheet accompanying this bill:

The Department of Transportation recently completed the Hawaii Road Usage Charge Demonstration Project. One recommendation from the Final Report is to adopt a per-mile road usage charge system to provide a fair and sustainable funding mechanism for the State's road infrastructure. With the increasing fuel efficiency of vehicles and the increasing popularity of alternative fuel vehicles, there is a need to establish a means to pay for road maintenance and improvement that would be fair to all users, is sustainable, and supports the State of Hawaii's energy independence goals.

Are electric vehicles and alternative fuel vehicles to be incentivized for their environmental benefits or surcharged because they aren't generating enough fuel tax revenue to pay for their fair share of transportation maintenance? The State and the public could benefit by having leadership and consistent policy relating to electric vehicles and other zero emission vehicles.

Digested: 2/19/2023



Email: communications@ulupono.com

SENATE COMMITTEE ON WAYS & MEANS
Wednesday, February 22, 2023 — 9:30 a.m.

Ulupono Initiative supports SB 1534 SD1, Relating to Transportation.

Dear Chair Dela Cruz 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 the 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 choices, and better management of freshwater resources.

Ulupono supports SB 1534 SD1 and offers comments. This bill replaces the \$50 annual vehicle registration surcharge for electric vehicles with a capped mileage-based road user fee for electric vehicles, provided that implementation of user fees take effect 1/1/2025; and, establishes the Hawai'i Highway Safety and Modernization Council effective 7/1/2023.

Ulupono Initiative recognizes the impact of more fuel-efficient vehicles on future fuel tax revenues and the need to maintain funding for road maintenance and improvements. As the Hawai'i Department of Transportation (HDOT) notes in its road user charge (HiRUC) final report, the average light-duty vehicle in the state currently achieves roughly 22 miles per gallon (MPG). As vehicles increasingly become more efficient, drivers will by default consume less gasoline and hence pay less gas tax. In addition, the State does continue to have a significant backlog of deferred maintenance—more than \$560 million/year.¹ Together, these issues certainly suggest that we must explore new funding mechanisms, and a usage charge seems appropriate.

Therefore, Ulupono Initiative is very supportive of a road user charge (RUC) approach, and supports that further planning is needed for a full implementation across all vehicles.

However, we offer the following comments for consideration:

¹ <https://ulupono.com/media/ingpfb23/final-report-costs-of-vehicle-economy-in-hawaii-03-9-21.pdf>

- 1) We strongly recommend adding in language in Section 2.e stating that “this plan shall also include recommendations on how to ensure any broad implementation continues to account for and incentivize more fuel-efficient vehicles.”

Simply put, a flat RUC does not account for the energy and climate benefits associated with more efficient vehicles. We remain very concerned about the disincentives built into a flat RUC. While this is revenue neutral for the State (which is very important), the structure provides no incentive to drive more fuel-efficient vehicles (including EVs) and reduce our greenhouse gas emissions, like the current incentive that is inherently embedded with the gas tax.

Counter to the spirit of Hawai‘i’s climate goals, this structure will increase the cost to drive for those who currently have more efficient fuel vehicles. Assuming the proposed annual road user charge of \$70 and the vehicle owner drives approximately 9,000 miles per year², vehicles with a fuel economy of 21 MPG will pay an equivalent \$70 in fuel taxes per year. As a result, an owner of a Toyota 4Runner with a fuel economy of 19 MPG will pay 8% less, whereas an owner of a Toyota Corolla with a fuel economy of 38 MPG will pay 84% more. Although both vehicles have the same road usage, there is a disproportionate financial impact on drivers of more fuel-efficient, lower-emission vehicles. **As seen in the appendices of the HiRUC final report, these increased costs will impact all demographics, including rural drivers and low-income drivers who currently have more fuel-efficient vehicles.**

- 2) Adjust the surcharge for EVs from \$70 to \$50 and consider the associated per-mile charge at 0.6 cents per mile, respectively.

EV owners are currently paying their fair share with the existing annual \$50 registration surcharge. We see no reason to increase these fees at this time.

The \$50 surcharge, or 0.6 cents per mile, equates to the same annual fuel tax paid by a vehicle with a fuel economy of roughly 29 MPG, such as a Nissan Altima or Subaru Outback.³ In other words, any vehicle with fuel efficiency greater than 29 MPG (such as a Toyota RAV4 with 35 MPG) is currently, on average, contributing less gas tax to support the system than an EV contributes.

We do not support increasing these fees further such that, beginning in 2025 any vehicle with greater efficiency than 22 MPG is contributing less to the system than an EV.

² Represents the 2021 state average annual vehicle miles traveled per the Department of Business, Economic Development and Tourism (<https://files.hawaii.gov/dbedt/economic/databook/2021-individual/18/181921.pdf>)

³ Assuming the vehicle owner drives approximately 9,000 miles per year

Overall, we fully recognize the potential funding issues that HDOT may be facing in the next decade and are very supportive of transitioning to a RUC, if appropriately structured. We believe that any transition should continue to promote more fuel-efficient vehicles, so that we can accelerate the reduction of our GHG emissions while we progress to a carbon-neutral state.

In addition to the possible transition to a road user charge, Hawai'i's transportation system faces climate concerns, cost-of-living pressures, public health crises, and mobility justice. These are incredibly important issues that put the HDOT in a very tough position—thoughtful, evidence-based conversations are necessary to effect progress.

HDOT is facing all these issues and more, and the department should not have to undertake these alone. The State Highway Safety and Modernization Council can help support the department as it strives to balance and meet the many high priorities and community needs across Hawai'i.

Thank you for the opportunity to testify.

Respectfully,

Micah Munekata
Director of Government Affairs

Big Island Electric Vehicle Association

hawaiidriveelectric@gmail.com

bigislandev.org



February 20, 2023

COMMENT REGARDING SB1534 SD1 - RELATING TO THE ROAD USAGE CHARGE PROGRAM

Dear Chair Dela Cruz, Vice Chair Keith-Agaran, and Consumer Protection and Commerce Committee members,

Big Island EV Association supports the intention of SB1534 SD1, which *“Replaces the \$50 annual vehicle registration surcharge for electric vehicles with a capped mileage-based road user fee for electric vehicles.”*

A road use fee is necessary. As our vehicle fleet transitions away from fossil fuel, it will also be critical to ensure funding for transportation infrastructure maintenance and upkeep. A road usage fee accomplishes this. EVs have been subject to an annual \$50 registration surcharge for a few years. This measure replaces the current fee with an option of a yearly **\$70 fee** OR a per-mile fee until 2028.

Recommended Amendments:

To minimize the impact on the near-term adoption of EV adoption, **we recommend that the registration fee, the alternative to the mileage-based fee, is capped at \$50.** This will prevent the change from being perceived as an increased burden for would-be EV owners and contradicting our goal to transition to zero-emission vehicles.

We also recommend that the date for the complete transition to a road use fee for all passenger vehicles (EVs and non-EVs) be the same - a complete transition after five years will simplify the process for the state and standardize the experience for our residents.

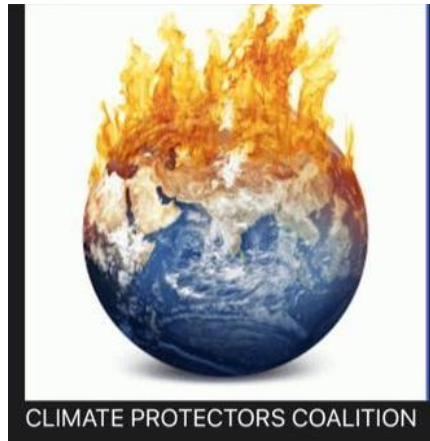
Thank you for this opportunity to offer comments on SB1534 SD1.

Sincerely,

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

Noel Morin - President

Big Island Electric Vehicle Association (bigislandev.org), established in 2011, is a grassroots non-profit group dedicated to accelerating the EV adoption Hawaii Island. Our members are EV owners and supporters.



To: The Honorable Chair Donovan DelaCruz,, Vice Chair Gilbert Keith-Agaran, and members of the Senate Committee on Ways and Means

DATE: Wednesday, February 22, 2023
TIME: 9:30 AM
PLACE: Conference Room 211 & Videoconference
State Capitol

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

Re: Hearing SB1534 SD1 **RELATING TO TRANSPORTATION**

Hearing: Wednesday, February 22, 2023, 10:00 a.m., room 211

Aloha Chair DelaCruz, Vice Chair Keith-Agaran, and members of the Committee:

The mission of the Climate Protectors Hawai'i is to educate and engage the local community in climate change action, to help Hawai'i show the world the way back to a safe and stable climate.

The Climate Protectors Hawai'i COMMENTS on SB1534 SD1!

To mitigate climate change, Hawai'i needs to reduce the greenhouse gas impact of the transportation sector. Please pass this bill but amend it to continue the \$50

registration surcharge for electric vehicles for the next five years to minimize the impact on near term electric vehicle adoption.

Mahalo!

Climate Protectors Hawai'i (by Ted Bohlen)

LATE

Hawaii Electric Vehicle Association

hawaiiev.org
info@hawaiieva.com



February 21, 2023

COMMENT REGARDING SB1534 SD1 - RELATING TO THE ROAD USAGE CHARGE PROGRAM

Dear Chair Dela Cruz, Vice Chair Keith-Agaran, and Consumer Protection and Commerce Committee members,

Big Island EV Association supports the intention of SB1534 SD1, which “Replaces the \$50 annual vehicle registration surcharge for electric vehicles with a capped mileage-based road user fee for electric vehicles.”

A road use fee is necessary. As our vehicle fleet transitions away from fossil fuel, it will also be necessary to ensure funding for transportation infrastructure maintenance and upkeep. A road usage fee accomplishes this. EVs have been subject to an annual \$50 registration surcharge for a few years. This measure replaces the current fee with an option of a yearly **\$70 fee** OR a per-mile fee until 2028.

Recommended Amendments:

To minimize the impact on the near-term adoption of EV adoption, **we recommend that the registration fee, the alternative to the mileage-based fee, is capped at \$50.** This will prevent the change from being perceived as an increased burden for would-be EV owners – and potentially contradicting Hawaii’s stated policies to transition to zero emission vehicles.

We'd like to ask that the date for the complete transition to a road use fee for all passenger vehicles (EVs and non-EVs) be the same - a complete transition after five years will simplify the process for the state and standardize the experience for our residents.

Thank you for this opportunity to offer comments on SB1534 SD1.

Sincerely,

A handwritten signature in black ink, appearing to read "TH", with a long horizontal stroke extending to the right.

Tam Hunt

Board Member and Policy Manager
Hawaii EV Association

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.

Hawaii EV Board

Noel Morin, President
Nanette Vinton, Secretary, and Treasurer
Bill Bugbee – Director
Tam Hunt - Director
Sonja Kass – Director
Rob Weltman – Director

Hawaii EV Clubs

Big Island EV Association
Kauai EV
Maui Nui EV
Tesla Hawaii Club

SB-1534-SD-1

Submitted on: 2/17/2023 4:17:22 PM

Testimony for WAM on 2/22/2023 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Caroline Azelski	Individual	Oppose	Written Testimony Only

Comments:

Oppose SD1 as it may punish late adopters. They may tend to commute more such as service industry and healthcare workers. Thank you.

SB-1534-SD-1

Submitted on: 2/20/2023 11:06:08 AM

Testimony for WAM on 2/22/2023 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Ronald "Ron" Reilly	Individual	Support	Written Testimony Only

Comments:

Dear Senator Dela Cruz and Members of the Ways and Means Committee,

As an EV owner (Kia Niro EV), I support SB1534 and the concept of EV owners paying for road maintenance.

A **registration fee** or a **per mile fee** will help make this measure fair for both higher mileage and lower mileage EV owners.

I suggest implementing this as soon as practical rather than having a lengthy celay and phase in over a number of years.

Thank you for your consideration, Ron Reilly

SB-1534-SD-1

Submitted on: 2/20/2023 7:08:30 PM

Testimony for WAM on 2/22/2023 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Ruta Jordans	Individual	Support	Written Testimony Only

Comments:

Please support SB1534 SD1. A road use fee is needed for all vehicles using the roads. As our vehicle fleet transitions away from fossil fuel, it will be necessary to ensure funding for transportation infrastructure maintenance and upkeep. A road usage fee accomplishes this. EVs have been subject to an annual \$50 registration surcharge for a few years. This measure replaces this with an option of a yearly **\$70 fee** OR a per-mile fee until 2028.

I ask that the annual fee option be maintained at \$50 to minimize the fee impact on near-term EV adoption.

I also ask that the date for the full transition to a road use fee for all passenger vehicles (EVs and non-EVs) be the same - a full transition after five years will simplify the process for the state and standardize the experience for our residents.

SB-1534-SD-1

Submitted on: 2/20/2023 10:39:53 PM

Testimony for WAM on 2/22/2023 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Keith Neal	Individual	Support	Written Testimony Only

Comments:

Support.

EVs have been subject to an annual \$50 registration surcharge for a few years. This measure replaces the fee with an option of a yearly \$70 fee OR a per-mile fee until 2028.

SB-1534-SD-1

Submitted on: 2/20/2023 11:01:49 PM

Testimony for WAM on 2/22/2023 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Steve Parsons	Testifying for Kauai Climate ACTION Coalition	Support	Written Testimony Only

Comments:

Aloha Trusted Hawaii Lawmakers

The Kauai Climate ACTION Coalition strongly supports this bill. **Please allow the annual flat fee option to be maintained at \$50. We need to encourage FAST adoption of EVs for the health of the Residents and visitors of Hawaii.** The Climate pollution put out by ICE (Internal Combustion Engine) is literally Killing us and the species we share this planet with.

Mahalo,

Steve Parsons,

Hanapepe Kauai

SB-1534-SD-1

Submitted on: 2/21/2023 12:42:51 AM

Testimony for WAM on 2/22/2023 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Kenneth Eisner	Individual	Support	Written Testimony Only

Comments:

Aloha,

A road use fee is necessary. As our vehicle fleet transitions away from fossil fuel, it will be critical to ensure funding for transportation infrastructure maintenance and upkeep. A road usage fee accomplishes this. EVs have been subject to an annual \$50 registration surcharge for a few years. This measure replaces the fee with an option of a yearly \$70 fee OR a per-mile fee until 2028.

I ask that the annual fee option be maintained at \$50 to minimize the fee impact on near-term EV adoption.

I also ask that the date for the full transition to a road use fee for all passenger vehicles (EVs and non-EVs) be the same - a transition after five years will simplify the process for the state and standardize the experience for our residents.

Mahalo!

SB-1534-SD-1

Submitted on: 2/21/2023 6:42:27 AM

Testimony for WAM on 2/22/2023 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Nanette Vinton	Individual	Support	Written Testimony Only

Comments:

Aloha Chair Dela Cruz, Vice Chsir Keith-Argan and WAM committee members,,

I am writing to express my general support for Bill SB1534 SD1 which replaces the \$50 annual electric vehicle registration surcharge with a mileage-based road user fee (or an option for a \$70 annual fee).

While I support the transition to a road usage fee to help fund roadway maintenance and repair, I believe that it is important to keep the annual fee option at \$50 to minimize the fee impact on near-term EV adoption.

Furthermore, I ask that the date for the full transition to a road usage fee for all passenger vehicles (EVs and non-EVs) be the same, as this will simplify the process for the state and standardize the experience for our residents. In addition, a shorter timeline transition of five years versus ten years seems reasonable to achieve this goal.

In summary, I support the transition to a road usage fee to ensure funding for transportation infrastructure maintenance and upkeep, but urge you to keep the annual fee option for EVs at \$50 and to standardize the transition timeline for all passenger vehicles.

Thank you for your consideration of this important matter.

Sincerely,

Nanette Vinton

Mililani,HI

SB-1534-SD-1

Submitted on: 2/21/2023 8:02:11 AM

Testimony for WAM on 2/22/2023 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Louis Concato	Individual	Support	Written Testimony Only

Comments:

I support this measure!

SB-1534-SD-1

Submitted on: 2/21/2023 8:13:19 AM

Testimony for WAM on 2/22/2023 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Virginia Tincher	Individual	Support	Written Testimony Only

Comments:

Members of the Ways and Means Committee,

Mahalo for this opportunity to testify.

I am in support of the concept of a road use fee. As our vehicle fleet transitions away from fossil fuel, it will be critical to ensure funding for transportation infrastructure maintenance and upkeep. A road usage fee accomplishes this. EVs have been subject to an annual \$50 registration surcharge for a few years. This measure replaces the fee with an option of a yearly \$70 fee OR a per-mile fee until 2028.

I ask that the annual fee option be maintained at \$50 to minimize the fee impact on near-term EV adoption.

I also ask that the date for the full transition to a road use fee for all passenger vehicles (EVs and non-EVs) be the same - a transition after five years will simplify the process for the state and standardize the experience for our residents.

Mahalo,

Virginia Tincher, Oahu

LATE

SB-1534-SD-1

Submitted on: 2/21/2023 11:15:32 AM

Testimony for WAM on 2/22/2023 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Rachel Ann De Leon	Individual	Support	Written Testimony Only

Comments:

A road use fee is necessary. As our vehicle fleet transitions away from fossil fuel, it will be critical to ensure funding for transportation infrastructure maintenance and upkeep. A road usage fee accomplishes this. EVs have been subject to an annual \$50 registration surcharge for a few years. This measure replaces the fee with an option of a yearly \$70 fee OR a per-mile fee until 2028.

I ask that the annual fee option be maintained at \$50 to minimize the fee impact on near-term EV adoption.

I also ask that the date for the full transition to a road use fee for all passenger vehicles (EVs and non-EVs) be the same - a transition after five years will simplify the process for the state and standardize the experience for our residents.