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**Testimony of the Department of Commerce and Consumer Affairs**

**Before the  
Senate Committee on Transportation and Culture and the Arts  
Tuesday, January 31, 2023  
3:00 PM**

**On the following measure:  
S.B. 382, RELATING TO MOTOR VEHICLES**

Chair Lee and Members of the Committee:

My name is Mana Moriarty, and I am the Executive Director of the Department of Commerce and Consumer Affairs' (Department) Office of Consumer Protection. The Department offers comments on this bill.

The purpose of this bill is to reduce the cost of transportation by prohibiting motor vehicle manufacturers from charging any consumer in the State subscription fees ~~to~~ for any service that employs equipment already installed in the motor vehicle at the time of sale as a new motor vehicle.

Automobile manufacturers are subject to Hawaii Revised Statutes chapter 437 and other general laws codified in the Hawaii Revised Statutes. Accordingly, OCP defers to the views of the Regulated Industries Complaints Office about enforcing a prohibition on motor vehicle manufacturers charging subscription fees attendant to the sale of a new vehicle.

Undisclosed fees are an area of concern for consumers and businesses that charge fees without disclosing the fees to the consumer at or before purchase or lease

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of a new motor vehicle may be subject to legal action by the consumer or as the result of a government investigation and enforcement. However, this bill does not identify an ongoing problem of manufacturers charging consumers undisclosed fees.

Thank you for the opportunity to testify on this bill.



**SanHi**

GOVERNMENT STRATEGIES

A LIMITED LIABILITY LAW PARTNERSHIP

DATE: January 30, 2023

TO: Senator Chris Lee  
Chair, Committee on Transportation and Culture and the Arts

FROM: Tiffany Yajima

RE: **S.B. 382 – Relating to Motor Vehicles**  
**Hearing Date: Tuesday, January 31, 2023 at 3:00 p.m.**  
**Conference Room: 224**

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Dear Chair Lee, Vice Chair Inouye, and Members of the Committee on Transportation and Culture and the Arts:

On behalf of the Alliance for Automotive Innovation (“Auto Innovators”) we submit this testimony in **strong opposition** of S.B. 382, which prohibits motor vehicle manufacturers from charging subscription fees for services that employ equipment already installed in new motor vehicles at the time of sale.

From the manufacturers producing most vehicles sold in the U.S. to autonomous vehicle innovators to equipment suppliers, battery producers and semiconductor makers – the Alliance for Automotive Innovation represents the full auto industry, a sector supporting 10 million American jobs and five percent of the economy. The association is committed to a cleaner, safer and smarter personal transportation future.

As new vehicle technology continues to advance and software is developed with each new model year, this bill would prohibit new and used car owners from benefiting from software advancements after purchasing their vehicles.

Today, all vehicles are manufactured to be equipped with the same hardware and are sold with this hardware installed in a car. Subscription services give consumers the ability to purchase additional features based on their personal preferences. This customization allows manufacturers to offer products to consumers at a lower price point than offering all features in a bundle at a higher price point but containing features that not every consumer wants.

This measure also has the unintended consequence of limiting consumers from taking advantage of future technological advances for their vehicles by limiting features on a vehicle to only those features that are included with the car at the time of sale. As new technology is developed and consumer preferences shift over time, automakers can use the existing technology in a car to roll out new features that were not available when the car was purchased. Autonomous vehicles, for example, are manufactured to employ automated driving systems but manufacturers would be

prohibited from offering subscription services related to advanced safety features after the vehicle is purchased. Under this bill, WI-FI hot spots and telematic emergency response features could not be fully utilized after a vehicle is sold. This also precludes any updates or advancements to existing technologies after the vehicle is sold.

In addition, this measure also disadvantages used car buyers which represent three times the number of vehicles sold in the state compared to new cars by preventing second-hand owners from selecting the newest and safest vehicle technology available even though their vehicles have the capability. This demographic would not be able to take advantage of their car's technology to subscribe to the newest technological advances, enhancements and upgrade features to meet their own consumer preferences, and would create an inequity between new car purchasers who can afford to choose features and second-hand buyers who cannot afford the price of a new car. This inequity will only increase as future cars rely more heavily on software.

For these reasons we strongly oppose this bill and respectfully ask the committee to hold this measure.

Thank you for the opportunity to submit testimony on this measure.

January 31, 2023

TO: Chair Chris Lee  
Members of the Senate Committee on Transportation and Culture and the Arts

FR: Noelani Derrickson  
Tesla

RE: **SB382 Relating to Motor Vehicles - Comments**

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Aloha Chair Lee, Vice Chair Inouye, and Members of the Committee:

Thank you for the opportunity to provide testimony regarding S.B. 382, which would restrict a motor vehicle manufacturer from, “charging a customer a subscription fee for the use of any service that employs equipment already installed in the applicable motor vehicle at the time of sale as a new motor vehicle”.

Tesla appreciates the intent of SB382 to improve motor vehicle cost transparency and lower transportation costs for Hawaii drivers. These objectives are at the forefront of Tesla’s vehicle purchase process, which includes transparent information on vehicle cost, optional features, and estimated gas savings.<sup>1</sup>

Tesla is concerned that SB382 would limit customer choice in restricting the ability of motor vehicle customers to purchase optional, non-standard upgrades. Tesla offers numerous upgrade options to drivers for additional purchase, such as premium navigation connectivity, enhanced autopilot, and an infotainment upgrade. Many of these upgrades are provided through software updates, similar to the provision of an application purchase on a smart phone. Despite the hardware used for these upgrades being available at the time of new motor vehicle sale, the cost for providing the optional upgrade is not included in the standard cost of a new motor vehicle. Therefore, to restrict motor vehicle manufacturers from being able to charge a customer a subscription fee for optional upgrades would have far-reaching unintentionally consequences that both limit customer choice and restrict automotive innovation.

Thank you for the opportunity to submit this testimony.

Noelani Derrickson  
Tesla

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<sup>1</sup> <https://www.tesla.com/model3/design#overview>