



**STATE OF HAWAII
HAWAII CLIMATE CHANGE MITIGATION & ADAPTATION
COMMISSION
POST OFFICE BOX 621
HONOLULU, HAWAII 96809**

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Director, OPSD

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**Testimony of
Leah Laramee
Coordinator, Hawai'i Climate Change Mitigation and Adaptation Commission**

**Before the Senate Committee on
TRANSPORTATION AND CULTURE AND THE ARTS**

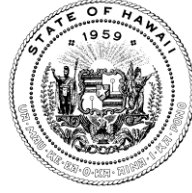
**Thursday, February 9, 2023
3:00 PM
State Capitol, Conference Room 224 & Videoconference**

**In consideration of
SENATE BILL 1164
RELATING TO MOTOR VEHICLES**

Senate Bill 1164 requires dealers who sell new or used motor vehicles to display the projected lifetime operating cost of the vehicle with the listed purchase price. **The Climate Change Mitigation and Adaptation Commission (Commission) supports this bill.**

The Hawai'i Climate Change Mitigation and Adaptation Commission consists of a multi-jurisdictional effort between 20 different departments, committees, and counties. A study from the U.S. Department of Energy has shown that the total cost of traditional gas compared to an EV is about 4 cents per mile, and this includes services such as oil changes, new wiper blades, brake pads or most common cost of maintenance. Over the lifespan of a vehicle this equates to a \$8,000 difference. Electrification of vehicles is a priority issue for the Commission and by providing consumers this information we believe more consumers would select the EV getting us closer to our 2045 climate goals.

Mahalo for the opportunity to testify in support of this measure.



LATE

JOSH GREEN, M.D.
GOVERNOR | KA KIA'ĀINA

SYLVIA LUKE
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA

STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAI'I
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

KA 'OIHANA PILI KĀLEPA
335 MERCHANT STREET, ROOM 310
P.O. BOX 541
HONOLULU, HAWAII 96809
Phone Number: (808) 586-2850
Fax Number: (808) 586-2856
cca.hawaii.gov

NADINE Y. ANDO
DIRECTOR | KA LUNA HO'OKELE

DEAN I HAZAMA
DEPUTY DIRECTOR | KA HOPE LUNA HO'OKELE

Testimony of the Department of Commerce and Consumer Affairs

Before the
Senate Committee on Transportation and Culture and the Arts
Thursday, February 9, 2023
3:00 PM
Via Videoconference

On the following measure:
S.B. 1164, 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 appreciates the intent and offers comments on this bill.

The purpose of this bill is to require dealers who sell new or used motor vehicles to display the projected lifetime operating costs of the vehicle, including the projected lifetime costs of maintenance and repairs, with the listed purchase price.

Too often, consumers who are buying a vehicle navigate a drawn-out sales process only to face a high-pressure sales pitch to buy an extended dealer warranty. Commissioned sales staff may be under the impression there is no requirement to disclose the projected costs of maintenance and repairs. As a result, they may avoid disclosing projected costs of maintenance and repairs, leaving the consumer with no reasonable basis to evaluate the price of the dealer warranty, and insist that the buyer make a decision to purchase the warranty on the spot.

As a general matter, consumers suffer substantial injury when merchants sell goods or services that the buyers, upon reflection, would realize they neither want nor can afford. When a car dealer's commissioned sales staff rushes a consumer to purchase an extended dealer warranty, this coercive sales tactic may give rise to a legal cause of action against the dealer for unfair or deceptive acts or practices.

Requiring motor vehicle dealers to disclose the projected lifetime costs for maintenance and repairs could help consumers to evaluate dealer warranty offers. Empowering consumers with this knowledge could help them avoid being subject to coercive sales tactics by unscrupulous dealers. The Department supports the intent of this bill.

Thank you for the opportunity to testify on this bill.

[Continue text here.]



DATE: Thursday, February 9, 2023
TIME: 3:00 PM
PLACE: VIA VIDEOCONFERENCE and Conference Room 224
BILL: SB 1164, Relating to Motor Vehicles

Aloha Chair Lee, Vice Chair Inouye, and members of the committee!

On behalf of the Hawai'i Automobile Dealers Association (HADA), we are writing to respectfully **oppose** SB 1164, relating to motor vehicles. This bill requires dealers who sell new or used motor vehicles to display the projected lifetime operating cost of the vehicle with the listed purchase price.

HADA supports working collaboratively with policy leaders to ensure that consumers are provided timely and accurate information about the products and services that they purchase. However, the operating cost of a vehicle is highly dependent on variable factors such as utilization, driving conditions, the costs of fossil fuels, electricity or hydrogen (as applicable) over time, whether the car is regularly provided maintenance service, and numerous other factors. It is impracticable or impossible to estimate the lifetime projected cost of a vehicle given the variability of the conditions related to cost.

HADA seeks to engage positively on issues of importance relevant to motor vehicles, our state's clean energy future, and safety. We thank you for the opportunity to testify.

The Hawai'i Automobile Dealers Association is the voice of more than 60 new car dealerships across the islands, accounting for over 4,000 direct jobs, \$6 billion total sales and more than \$250 million in general excise taxes paid.



SENATE COMMITTEE ON TRANSPORTATION AND CULTURE AND THE ARTS

February 9, 2023, 3:00 PM

Room 224

TESTIMONY IN SUPPORT OF SB 1164

Aloha Chair Lee, Vice Chair Inouye, and Committee members:

Blue Planet Foundation **supports SB 1164**, which requires auto dealers to display the projected lifetime operating costs of a vehicle, including the ten-year fuel costs and maintenance and repairs, for new and used vehicles sold in the state.

Although 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. Even today, 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 22,000 electric vehicles (EVs) on the state's roads, they still only make up a mere 2% of all registered vehicles in the state.¹ Although car sales declined during the pandemic, Hawai'i drivers continue to choose larger, heavier vehicles, which are often less fuel efficient. According to the Hawai'i Auto Dealers Association, light trucks—still largely powered solely by fossil fuels—accounted for 77.6% of Hawai'i vehicle sales in 2022.²

SB 1164 can help Hawai'i shift this trajectory, as it requires auto dealers to disclose the fuel and maintenance costs of vehicles being sold, which in turn allows consumers to make more informed choices about the total cost of their new or used car purchase. As a whole, zero-emission vehicles have lower vehicle maintenance and operation costs when compared to gasoline-powered vehicles. While EVs that use the electricity grid to charge still use mostly fossil fuel, they use that fuel more effectively than burning fuel directly in a typical gasoline engine. This is why EVs are much less expensive to "fuel" per mile than their gasoline counterparts.

This measure is an important step to help ensure that Hawai'i is taking action to address carbon emissions in the ground transportation sector and that consumers are able to make the best choice when purchasing a new or used car.

Thank you for the opportunity to provide testimony in support of SB 1164.

¹ "Monthly Energy Trends", *DBEDT*, December 2022 (<https://dbedt.hawaii.gov/economic/energy-trends-2/>).

² Helland, Katie. "Hawaii cars sales declined in 2022." *Pacific Business News*. (<https://www.bizjournals.com/pacific/news/2023/02/08/hada-report-q4.html>)