SB 1202

LINDA LINGLE
GOVERNOR

JAMES R. AIONA, JR.
LT. GOVERNOR

KURT KAWAFUCHI
DIRECTOR OF TAXATION

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SENATE COMMITTEES ON ENERGY AND ENVIRONMENT AND TRANSPORTATION, INTERNATIONAL & INTERGOVERNMENTAL AFFAIRS
TESTIMONY REGARDING SB 1202
RELATING TO TRANSPORTATION ENERGY

TESTIFIER: KURT KAWAFUCHI, DIRECTOR OF TAXATION (OR DESIGNEE)
DATE: FEBRUARY 12, 2009
TIME: 2:50PM
ROOM: 225

This bill establishes, among other things, various tax incentives for the encouragement of comprehensive alternative energy transportation solutions for Hawaii.

The Department of Taxation (Department) **supports the intent** of this measure; however **prefers SB 872**.

SUPPORT FOR ALTERNATIVE ENERGY—The Department strongly supports the encouragement and implementation of alternative energy systems in Hawaii in order to lessen the State's dependence on fossil fuels. As fossil fuel and petroleum prices become more volatile, encouraging Hawaii residents to use electric or alternative fuel vehicles could make the State less reliant on fossil fuel.

PREFERENCE FOR ADMINISTRATION'S BILL—The Department prefers the tax incentives contained in SB 872, which includes a general excise tax exemption for the sale or lease of alternative fuel vehicles, an income tax credit for facilities using biofuels, a rental motor vehicle surcharge tax exemption for alternative fuel vehicles, an income tax credit for electric vehicle charging infrastructure acquisition and installation, and an income tax credit for alternative fuel vehicle refueling infrastructure acquisition and installation. The Administration's measure has been factored into the biennium budget and the financial plan.

PROVIDING INCENTIVES TO ASSIST WITH LAYING THE FOUNDATION OF AN ALTERNATIVE ENERGY TRANSPORTATION INFRASTRUCTURE—The Department supports this measure's purpose of establishing the necessary infrastructure upon which the renewable energy technologies in transportation will be able to rely. As history suggests, many novel technology advances stumble to become commercially viable without the necessary framework to make the technologies feasible. This legislation is a step in the right direction toward

making alternative fuel transportation alternatives realistic.

REVENUE IMPACT—This measure will result in the following revenue losses:

- $1.1 million in FY10,
- $2.6 million in FY11,
- $4.4 million in FY12,
- $7.7 million in FY13,
- $7.9 million in FY14, and
- $8.1 million in FY15.

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

LINDA LINGLE
GOVERNOR
THEODORE E. LIU
DIRECTOR
MARK K. ANDERSON
DEPUTY DIRECTOR

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Statement of
THEODORE E. LIU
Director
Department of Business, Economic Development, and Tourism
before the

SENATE COMMITTEE ON TRANSPORTATION, INTERNATIONAL AND INTERGOVERNMENTAL AFFAIRS
AND THE
SENATE COMMITTEE ON ENERGY AND ENVIRONMENT

Thursday, February 12, 2009
2:50 PM
State Capitol, Conference Room 225

in consideration of
SB 1202
RELATING TO TRANSPORTATION ENERGY INITIATIVES.

Chairs English and Gabbard and Members of the Committees.

The Department of Business, Economic Development, and Tourism (DBEDT) supports the intent of SB 1202, which is intended to begin the transformation of Hawaii's ground transportation sector to be less dependent on petroleum, but we prefer the comprehensive approach provided in the Administration bill, SB 872, or in SB 1612, with the modifications outlined in our testimony on that bill. We defer to the Department of Transportation with respect to Section 9 of this bill, and recommend changes to sections 4 and 5.

In Section 2 of the bill, the addition of "research and development of non fossil fuel and energy efficient modes of transportation" as a policy and planning priority for the State is consistent with and supports a variety of energy, transportation, innovation, and economic development efforts. We support this section as written.

In Section 3 of the bill, the proposed changes to the energy objectives provide a needed update that is consistent with the maturation of energy technologies and the importance of the long term thinking that needs to occur for the best energy, economic, and environmental outcomes for the people of Hawaii. We support this section as written.

Section 4 of the bill sets forth incentives for the establishment of electric vehicle charging and alternative fuel refueling infrastructure. Providing incentives encourages the pioneers in this area to make the investments, take the risks, and provide the initial market pull that will allow this industry to develop; contractors, electricians, and installers to be trained; and inspectors and others to become knowledgeable about these systems. Establishment of re-fueling and recharging sites is essential to support the early adoption of these vehicles and build public interest and confidence in alternatives to petroleum. This is a relatively small but extremely important step to begin the transition of Hawaii's vehicles from completely dependent on petroleum towards being able to rely on other, non-petroleum fuels.

The tax credits for electric vehicle charge points proposed in this bill are up to 70% of the installed cost of each charge point, or up to $1000 per charge point, whichever is less. This dollar cap per charge point is greater than the amount proposed in SB1612, and we recommend that the amount be reduced to $500, to keep the projected cost of the proposal below $700,000 for the biennium.[1] If either the vehicles or the market for the vehicles fail to materialize, the state will NOT have incurred any expense. If the vehicles and the market do materialize, these incentives will contribute greatly to the development of Hawaii's transportation energy diversification and to Hawaii's energy security.

[1] This estimate is based on 2.5 charge spots for each of the approximately 500 electric vehicles by 6/30/2011.

The tax credits for the alternative fuel refueling sites are also higher than in SB1612, and we recommend that they be reduced to $10,000 each, which will keep the projected cost below $100,000. We estimate a total of nine E85, B20, and electric vehicle refueling stations may be installed over the biennium. The definitions in this section are consistent with the Federal definitions. This will invite investment in our infrastructure from out of state, and provide local employment for the installation of these new technologies.

We noted an inconsistency, and recommend that this be clarified: on page 10, lines 7 and 8, there are two references to "individual or corporate." However, on line 10, the reference is to "corporate net income tax."

With those changes and this clarification, we support this section. Alternative fuel infrastructure is an important first step in this area.

Section 5 designates space for the unique needs and attributes of electric vehicles. Designating parking spaces for electric vehicles, and eventually providing the means to connect vehicles to the grid at these points, are important for the establishment of an electric vehicle network and for grid management.

However, we believe that including a charging requirement at the same time, in 2010, is too soon. Fleet and home charging units should be where the emphasis is placed at this time.

With that change, we support this section.

Section 6 makes it clear that an installer of electric vehicle charging equipment is not an electric utility. We support this section as written.

Section 7 sets forth clear instructions for government agencies to lead by example by selecting vehicles that have great promise for Hawaii, and those that have greater barriers to market development. Given budgetary concerns, we note that this section contains a provision that agencies may apply for exemptions to the extent that vehicles are not available, and allows

life cycle costs to be included in the determination of whether the vehicles meet the needs of the agencies. We support Section 7 as written.

Section 8 allows vehicle information to be provided to DBEDT for use in tracking the numbers and types of vehicles in use. This is an important step in determining the baseline as well as measuring progress, and we support this section as written.

Section 9 requires the Department of Transportation, in consultation with DAGS and DBEDT, to coordinate with county governments, energy industry experts, transportation specialists, and business, labor and community leaders to develop and implement a plan to expedite state and county permitting and installation of battery exchange stations and electric vehicle charging ... and to provide a report to the Legislature by the end of 2009. We defer to the Department of Transportation on the availability of resources to meet this requirement; also, we do not expect that six months will be adequate for the level of coordination and analysis required. It may be possible to apply for outside funding to support such an effort, but the timing would be uncertain, so if the requirement is left in without an appropriation, we recommend that the deadline be removed.

Overall, this bill contains some important initiatives to begin the transition of our vehicles to a more diverse set of energy sources. We encourage the Committee to support these initiatives, with amendments, as well as the additional initiatives in SB 872.

Thank you for the opportunity to offer these comments.

Testimony before the Senate Committee on
Energy and Environment and
Transportation, International and Intergovernmental Affairs

S.B. 1202, Relating to Transportation Energy Initiatives

Thursday, February 12, 2009
2:50 p.m., Conference Room 225

By Carlos Perez Loriga
Director
Customer Technology Applications Division
Hawaiian Electric Company, Inc.

Chairs Gabbard & English and members of the Committee:

My name is Carlos Perez Loriga and I am testifying on behalf of Hawaiian Electric Company, Inc., and its subsidiary utilities, Maui Electric Company, Ltd., and Hawaii Electric Light Company, Inc.

S. B. 1202 creates incentives to enable electrification of transportation in Hawaii and replacement of fossil fuel vehicles with electric and alternative fuel vehicles.

While sensitive of the financial challenges that the State is currently facing, Hawaiian Electric Company supports S.B. 1202, to promote the increased acceptance and use of electric and plug-in hybrid electric automobiles. Increased consumer acceptance of these types of vehicles will aid in the reduction of greenhouse emissions and fossil fuel use and will also help enable the Hawaii Clean Energy Initiative's goal of 70% clean, renewable energy by 2030.

Thank you for the opportunity to testify.

Kiewit
BUILDING GROUP

To: Chair Gabbard, Vice Chair English and Members of the Committee on Energy and Environment

Chair English, Vice Chair Gabbard and Members of the Committee on Transportation, International and Intergovernmental Affairs

From: Lance Wilhelm
Sr. Vice President
Kiewit Building Group Inc.

Subject: SUPPORT FOR SB1202 and SB1037 – RELATING TO TRANSPORTATION ENERGY INITIATIVES

Date: Hearing scheduled for Thursday, February 12, 2009
Conference Room 225

My name is Lance Wilhelm, Sr. Vice President with Kiewit Building Group Inc. Our firm is part of a diversified national general contracting firm that firmly supports the growth of sustainable development in our state. We support SB1202 and SB 1037, which provides policy directives, energy initiatives and requirements for the electrification of transportation in Hawaii.

The State of Hawaii has set an aggressive goal of obtaining 70 percent of its energy from renewable sources by the year 2030. We believe that the rapid adoption of renewable energy sources for transportation purposes is a significant factor in achieving this bold vision. In the process, we can diversify the economy by fueling the growth of the renewable-energy industry, create greater energy security for our state, and set in place policies that will ultimately protect our island environment.

The provisions in this bill are the first steps along the road to the electrification of passenger vehicle transportation.

- Specifically, we support the development of an expedited permitting and electric vehicle infrastructure plan. It should include measurable objectives and provide clear next steps for moving forward.
- We believe that it is critical to "prime the pump" and use incentives to accelerate early adoption of electric vehicles (EVs) and the build-out of its supporting infrastructure. Incentives, in the form of reasonable tax credits, such as those used in the solar energy industry, will encourage quick action on the part of the private sector to build electric vehicle charging and refueling infrastructure.
- We also support the incentives regarding designated parking spaces with charging units for electric vehicles. Convenience and visibility will go a long way in promoting consumer adoption of electric vehicles.
- Finally, we applaud the State's intent to lead by example by considering and, whenever appropriate, purchasing EVs or plug-in hybrids for the State's vehicle fleet.

KIEWIT BUILDING GROUP INC.
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Honolulu, HI 96813
(808) 457-4500 (808) 457-4570 fax

The overall economic impact of this bill is far reaching. Major demand for renewable energy will be created, which will further the growth of this industry in the Islands. As a result, Hawaii's trade balance will improve by investing more money locally into renewable energy resources, rather than spending billions of dollars overseas for foreign oil. In addition, EVs will provide large-scale storage capacity for renewable energy produced during off-peak hours, making it far more economically feasible to establish successful renewable energy enterprises. As the industry grows, short- and long-term jobs will be created in the deployment of EV charging infrastructure as well as in new renewable energy projects.

Energy self-sufficiency for our state is a long-term goal, and this bill will help us meet that goal. A total switch to EVs powered by renewable energy sources would reduce our dependence on imported oil by more than 20%

Also, Hawaii's environment will benefit from the programs established by this bill. Locally, as 30 percent of green house gas emissions in Hawaii are related to transportation, electrifying vehicles with renewable energy will have a substantial impact in reducing or eliminating these harmful emissions. In addition, EVs are much quieter, so noise pollution will be dramatically reduced. In terms of the global environment, we will be able to conserve the resources needed to ship fuel to Hawaii by relying on local sources of renewable energy.

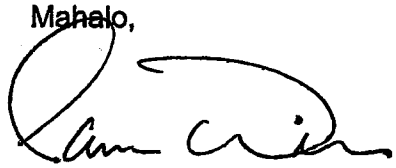
Electric vehicles powered by renewable energy can help end our reliance on imported fuel. Modern electric vehicles made by major car manufacturers are safe and fully loaded with all the capabilities that drivers demand. EVs perform better than gas-powered cars at a lower cost per mile

Now is the time to put in place policies that will accelerate the development of an EV infrastructure in Hawaii and demonstrate to the rest of the country our state's leadership in green transportation.

Thank you for the opportunity to provide you with Kiewit Building Group's perspective. We respectfully urge you to support SB1202 and SB1037.

If you have any questions, please contact me at 808-457-4500 or at lance/Wilhelm@kiewit.com.

Mahalo,



better place

BEFORE THE

SENATE COMMITTEE ON
TRANSPORTATION, INTERNATIONAL AND INTERGOVERNMENTAL AFFAIRS
Senator J. Kalani English, Chair
Mike Gabbard, Vice Chair

SENATE COMMITTEE ON ENERGY AND ENVIRONMENT
Senator Mike Gabbard, Chair
Senator J. Kalani English, Vice Chair

Testimony of

PETE COOPER
Better Place Hawaii
745 Fort Street, Suite 2100
Honolulu, Hawaii 96813

SB1202
RELATING TO TRANSPORTATION ENERGY INITIATIVES

SB1037
RELATING TO TRANSPORTATION ENERGY INITIATIVES

February 12, 2009, 2:50 pm
State Capitol, Room 225

Chair English and Chair Gabbard:

My name is Pete Cooper of Better Place Hawaii. Better Place Hawaii coordinates with Hawaii utilities, automobile dealers, State and county governments and other stakeholders to deploy an electric vehicle charging network powered by renewable energy.

Better Place Hawaii **SUPPORTS WITH AMENDMENTS** SB1202 and SB1037, which provides policy guidelines, business incentives, and mandates to dramatically transform the use of oil-reliant cars to a more efficient renewable transportation system which supports electric vehicles. Both bills are similar in content and form.

With the State's goal of utilizing renewable sources for 70% of its energy by 2030, government action to further the use of electric vehicles is essential. In so doing, Hawaii will benefit in the following ways:

- Reduced demand for gas and oil imports.

- Reduced demand for electricity during peak demand times of day, hence lowering costs to ratepayers/taxpayers.
- Increased demand for off-peak and renewable energy when capacity is high, resulting in lower costs of renewable energy.
- Reduced utility costs resulting from distributed network of batteries in EVs.
- Increased tax receipts from the EV industry as a whole.

In particular, Better Place Hawaii supports Part I of these measures, which amends certain sections of the Hawaii State Plan. SB1202 and SB1037 establishes objectives and policies that will increase and diversify Hawaii's economic base, including the research and development of non-fossil fuel and energy efficient modes of transportation; as well as directs the state's energy systems to be dependable, efficient, and economical, leading towards increased energy self-sufficiency. Those additional guidelines in HRS Chapter 226 would better reflect the State's commitment towards non-fossil fuel and energy efficient transportation in Hawaii.

Better Place Hawaii also supports Part II of SB1202 and SB1037, which provides tax credits for the development of EV and alternative refueling infrastructure. Individual and corporate tax incentives outlined in SB1202 and SB1037 provides individual and corporate consumers with incentives to install EV charging stations in their homes and businesses -- similar to tax credits provided to the solar energy industry. It is anticipated that by the year 2014, about 10,000+ electric vehicles could be on Hawaii's roads and highways. It is imperative that sufficient number of EV charging stations be available to support this new mode of transportation that will be available in Hawaii and throughout the globe.

Part II of SB1202 and SB1037 also provides for parking lot requirements where designated spaces and charge spots will be placed in public and government parking lots available for use by the general public. For Part II, we recommend the following amendments:

Recommended Amendment I: To clarify parking requirements in SB1202 and SB1037, we recommend that that these bills explicitly state that such parking requirements be applicable to both privately- and government-owned parking facilities that are available for use by the general public. Both bills require that all "**public** and government parking facilities available for use by the general public with at least fifty parking spaces shall designate at least one space for each fifty spaces exclusively for electric vehicles . . . ." The term "public" is vague and ambiguous, and can be interpreted to mean only public-sector parking lots. SB1202 and SB1037 should be further clarified that any private, public and government parking facilities that is available for use by the general public be subject to this EV parking requirement. This clarification will ensure that shopping centers, office garages, and other private facilities that are open to the general public are equipped with EV charging stations.

Recommended Amendment II: SB1202 and SB1037 require that each designated EV parking spot be equipped with an electric vehicle charging unit by December 31, 2010. We recommend that the charge spot requirement should be phased-in over a four year period ending December 31, 2013. It is not anticipated that EVs will dramatically appear on Hawaii's roads and highways by 2010. A phased-in requirement will ensure that the number of charge spots installed is commensurate with the number of anticipated EVs in the transportation marketplace at that time. We submit the following language for your consideration:

All owners of parking lots, be they private, public, the State, local or the Federal Government, who own altogether more than 100 parking spaces, whether in one parking lot or multiple parking lots, shall designate at least the following percentages of their overall parking spaces exclusively for electric vehicles on the following schedule: 1% (one percent) by December 31, 2011; 2% (two percent) by December 31, 2012; 4% (four percent) by December 31, 2013; 6% (six percent) by December 31, 2014; 10% (ten percent) by December 31, 2015; provided that the above parking spaces for electric vehicles are located near the building entrance and are equipped with an electric vehicle charging infrastructure. For the purposes of this section, the designation may be only in part of the parking facilities, provided that the overall percentage of designated parking spaces out of the overall parking spaces owned by the same owner, meets the above requirement. Such spaces shall be designated, clearly marked, and enforced by December 31, 2011.

Part III of SB1202 and SB1037 requires that government agencies lead the effort towards the electrification of transportation in Hawaii. We believe that State and local government can provide a strong kick-start to utilizing EVs in Hawaii. The measures and requirements outlined in SB1202 and SB1037 are strongly supported by Better Place Hawaii.

Lastly, SB1202 and SB1037 requires that the Department of Transportation develop and implement a plan to expedite State and county permitting and installation of EV charge outlets in homes, businesses, public parking lots and buildings and facilities throughout the state. To ensure that Hawaii is prepared for this new wave of electric vehicles to be introduced by automakers throughout the world, a well planned and developed EV charging infrastructure must be in place by no later than 2011. We believe that the Department of Transportation may not be the appropriate agency to conduct this study. However, we support this Committee's determination as to which entity would be most appropriate to address these isues.

Thank you for the opportunity to testify in **SUPPORT WITH AMENDMENTS** of SB1202 and SB1037. Please feel free to contact me if you have any questions.

HTDC Cultivating Hawaii's tech sector
HIGH TECHNOLOGY DEVELOPMENT CORPORATION

Written Statement of
YUKA NAGASHIMA
Executive Director & CEO
High Technology Development Corporation
before the
SENATE COMMITTEES ON TRANSPORTATION, INTERNATIONAL AND INTERGOVERNMENTAL AFFAIRS
AND
ENERGY AND ENVIRONMENT
Thursday, February 12, 2009
2:50 PM
State Capitol, Conference Room 225

In consideration of
SB 1202 RELATING TO TRANSPORTATION ENERGY INITIATIVES.

Chairs Gabbard and English and Members of the Senate Committees on Energy and Environment and Transportation, International and Intergovernmental Affairs.

The High Technology Development Corporation (HTDC) supports SB 1202, which contains numerous initiatives that support the State's overarching Clean Energy Initiative. However, we recommend the committee consider a few minor changes.

Section 4 establishes incentives in the form of tax credits for the installation of electric vehicle charging infrastructure and alternative fuel refueling infrastructure. Similar tax credits are established in SB1612, but the dollar ceilings are less. HTDC strongly supports incentives for infrastructure installation, but due to current state fiscal conditions, we recommend applying the tax credit ceilings reflected in SB1612.

Section 7 provides specific guidelines for future vehicle purchases by government agencies. We recommend changing Section 7(b)(3) from "Flexible fuel vehicles" to "Alternative fuel vehicles". This change would also be consistent with the similar purchase guidelines in Section 15(a) of SB1612. Flexible fuel vehicles are configured to allow the use of petroleum-based fuels as well as other fuels generally recognized as alternative fuels. State agencies have purchased flexible fuel vehicles in the past, but due to the non-availability of the alternative fuel, petroleum based fuels were used in these vehicles. Allowing the future purchase of flexible fuel vehicles would facilitate the continuation of prior fuel use practices that do not meet the intent of this section, the reduction of dependence on petroleum for transportation energy.

Thank you for the opportunity to submit this testimony.

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L E G I S L A T I V E

TAXBILLSERVICE

126 Queen Street, Suite 304 TAX FOUNDATION OF HAWAII Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: INCOME, Electric vehicle charging and alternative fuel recharging infrastructure tax credit

BILL NUMBER: SB 1202; HB 1466 (Identical)

INTRODUCED BY: SB by English, Espero, Kidani, Tokuda, Tsutsui and 6 Democrats; HB by Morita, Awana, Belatti, Cabanilla, Evans, C. Lee, Marumoto, Mizuno, Nishimoto, B. Oshiro, Pine, Rhoads, Shimabukuro, Thielen and 7 Democrats

BRIEF SUMMARY: Adds a new section to HRS chapter 235 to allow taxpayers to claim a credit for the purchase of code compliant electric charging infrastructure installed and placed service in a taxable year. The credit shall be 70% of the cost of the electric vehicle charging system or $1,000 per electric vehicle charge point of the system, whichever is less. This credit is applicable to electric charging systems placed in service after January 1, 2010 and before January 1, 2016.

Defines "actual cost," "electric vehicle charge point" and "electric vehicle charging system" for purposes of the measure.

Adds a new section to HRS chapter 235 to allow a taxpayer to claim a tax credit for any alternative fuel refueling infrastructure for the taxable year it is placed in service. The credit shall be 30% of the cost of the alternative fuel refueling infrastructure or $25,000, whichever is less. This credit is applicable for tax years ending before January 1, 2016.

Defines "actual cost"and "alternative fuel refueling infrastructure" for purposes of the measure.

The following provisions apply to both of the above credits: Credits in excess of a taxpayer's income tax liability shall be applied to subsequent tax liability until exhausted. The director of taxation may adopt rules pursuant to HRS chapter 91 and prepare the necessary forms to claim the credit and may require proof of the claim for the credit. Claims for the credit shall be on forms provided by the department of taxation.

The tax credits issued by the department of taxation shall not exceed the amount of funds available in the transportation energy efficiency and infrastructure fund. Directs the director of taxation to report to the legislature on the amount of tax credits claimed.

Makes other nontax amendments relating to transition from fossil fuel transportation to a reduced use of fossil fuel transportation including related infrastructure.

EFFECTIVE DATE: Tax year beginning after December 31, 2008

STAFF COMMENTS: This measure proposes an income tax credit for: (1) electric vehicle charging infrastructure; and (2) alternative fuel refueling infrastructure. While it appears that these credits are

proposed to encourage the development of this infrastructure, it is questionable whether a tax credit is necessary to entice such development. While the trend is to move toward non-fossil fuel vehicles, such as electric vehicles and non-gasoline vehicles, such infrastructure would become necessary to recharge and refuel these vehicles, so such development will occur regardless of the credit. It should also be noted that while the proposed credits are substantial at 70% of the cost of electric vehicle charging infrastructure or up to $25,000 in the case of an alternative fuel refueling infrastructure, the credits amount to nothing more than a partial subsidy for the development of this infrastructure in the state.

In addition, the proposed tax incentives measure would result in fewer tax dollars that the state sorely needs at this point. On the other hand, perhaps all proposals suggesting tax expenditures, such as this proposal forwards, should be accompanied with recommendation for an equal reduction in state spending to compensate for the lost revenues.

Because the proposed incentives are nothing more than a subsidy of these vehicles or charging stations, the cost of the credit steals from funds that could have been used for many other worthy programs. Such proposals reflect a lack of understanding of the gravity of the fiscal situation that the state is facing. Again, it should be noted that the tax system is not meant to be a mechanism by which to hand out refunds and rebates to influence human behavior.

If the intent is to subsidize such vehicles albeit in the name of energy conservation and environmental concern, then lawmakers should just appropriate the necessary sum of taxpayer dollars and let the taxpayers decide whether or not that was a good way to spend tax dollars. As an appropriation from the state general fund, taxpayers can then decide whether the appropriation was worth the reduction in spending on education, or welfare, or health. Using the backdoor of tax credits hides the fact from taxpayers that tax dollars are being spent at the expense of critical public programs.

Digested 2/11/09

Al Beeman
908 Kumukoa St.
Hilo, HI 96720

To: Chair Gabbard, Vice Chair English and Members of the Committee on Energy and Environment

Chair English, Vice Chair Gabbard and Members of the Committee on Transportation, International and Intergovernmental Affairs

Subject: **Testimony In Favor of SB1202**– RELATING TO TRANSPORTATION ENERGY INITIATIVES

Date: Hearing scheduled for Thursday, February 12, 2009
Conference Room 225

Aloha Senators, I wish to testify in favor of SB1202, which provides policy directives, energy initiatives and requirements for the electrification of transportation in Hawaii.

At this state in technology **electricity is the only answer** for getting land transportation off fossil fuels, there is just nothing else really ready yet.

The State of Hawaii has set an aggressive goal of obtaining 70 percent of its energy from renewable sources by the year 2030. We believe that the rapid adoption of renewable energy sources for transportation purposes is a significant factor in achieving this bold vision. In the process, we can diversify the economy by fueling the growth of the renewable-energy industry, create greater energy security for our state, and set in place policies that will ultimately protect our island environment.

The provisions in this bill are the first steps along the road to the electrification of highway transportation.

- Specifically, we support the development of an expedited permitting and electric vehicle infrastructure plan. It should include measurable objectives and provide clear next steps for moving forward.
- We believe that it is critical to "prime the pump" and use incentives to accelerate early adoption of electric vehicles (EVs) and the build-out of its supporting infrastructure. Incentives, in the form of reasonable tax credits, such as those used in the solar energy industry, will encourage quick action on the part of the private sector to build electric vehicle charging and refueling infrastructure.
- We also support the incentives regarding designated parking spaces with charging units for electric vehicles. Convenience and visibility will go a long way in promoting consumer adoption of electric vehicles.
- Finally, we applaud the State's intent to lead by example by considering and, whenever appropriate, purchasing EVs or plug-in hybrids for the State's vehicle fleet.

The overall economic impact of this bill is far reaching. Major demand for renewable energy will be created, which will further the growth of this industry in the Islands. As a result, Hawaii's trade balance will improve by investing more money locally into renewable energy resources, rather than spending billions of dollars overseas for foreign oil. In addition, EVs will provide large-scale storage capacity for renewable energy produced during off-peak hours, making it far more economically feasible to establish successful renewable energy enterprises. As the

Al Beeman
908 Kumukoa St.
Hilo, HI 96720

industry grows, short- and long-term jobs will be created in the deployment of EV charging infrastructure as well as in new renewable energy projects.

Energy self-sufficiency for our state is a long-term goal, and this bill will help us meet that goal. A total switch to EVs powered by renewable energy sources would reduce our dependence on imported oil by 40 percent.

Also, Hawaii's environment will benefit from the programs established by this bill. Locally, as 30 percent of green house gas emissions in Hawaii are related to transportation, electrifying vehicles with renewable energy will have a substantial impact in reducing or eliminating these harmful emissions. In addition, EVs are much quieter, so noise pollution will be dramatically reduced. In terms of the global environment, we will be able to conserve the resources needed to ship fuel to Hawaii by relying on local sources of renewable energy.

Electric vehicles powered by renewable energy can help end our reliance on imported fuel. Modern electric vehicles made by major car manufacturers are safe and fully loaded with all the capabilities that drivers demand. EVs perform better than gas-powered cars at a lower cost.

Now is the time to put in place policies that will accelerate the development of an EV infrastructure in Hawaii and demonstrate to the rest of the country our state's leadership in green transportation.

Thank you for the opportunity to provide you with my perspective.

I urge you to support SB1202 even in this tight budget year, our future depends on energy self-sufficiency.

Me ka mahalo (Very respectfully submitted),

Al Beeman
Hilo

TESTIMONY OF CARLITO P. CALIBOSO
CHAIRMAN, PUBLIC UTILITIES COMMISSION
DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE
SENATE COMMITTEES ON TRANSPORTATION, INTERNATIONAL AND INTERGOVERNMENTAL AFFAIRS AND ENERGY & ENVIRONMENT

FEBRUARY 12, 2009

MEASURE: S.B. No. 1202
TITLE: Relating to Transportation Energy Initiatives

Chairs English and Gabbard, and Members of the Committees:

DESCRIPTION:

This bill: (1) establishes the development of non-fossil fuel transportation as a state policy goal; (2) provides tax credits for the purchase and installation of electric vehicle charging infrastructure and alternative fuel refueling infrastructure; (3) requires the designation of parking spaces for electric vehicles; (4) requires state and county agencies to follow a priority list when purchasing energy-efficient vehicles, including electric vehicles; (5) requires the director of transportation to furnish information to the state energy resources coordinator on the use of electric vehicles in the State; and (6) requires the Department of Transportation to develop a plan for electric vehicle infrastructure. In addition, this measure proposes to exempt electric vehicle charging from regulation as a public utility under Chapter 269, HRS.

POSITION:

The Public Utilities Commission ("Commission") has no objection to the proposed exemption from Chapter 269, HRS, but has a suggested revision should the Legislature decide to enact the proposed exemption.

COMMENTS:

- On page 16, line 4, the bill reads "(iii) Any person who owns, controls, operates or manages plants or facilities primarily used to charge or discharge a vehicle battery that provides power for vehicle propulsion".

- The Commission recommends that this section of the bill be placed after subsection (K), and be labeled as a separate and new subsection (L).

Thank you for the opportunity to testify.