

A BILL FOR AN ACT

RELATING TO ZERO EMISSION TRANSPORTATION.

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

SECTION 1. The legislature finds that the electric vehicle charging system rebate program, established pursuant to Act 142, Session Laws of Hawaii 2019, and amended pursuant to Act 75, Session Laws of Hawaii 2021, provides rebates for the installation of electric vehicle charging systems in priority locations, including for multi-unit dwellings, workplaces, and commercial areas, and in places that serve vehicle fleets. The rebate program has proven to be very successful, with approximately 140 new charging systems installed or in the pipeline that have been facilitated by the availability of these rebates.

The legislature further finds that the life-cycle costs of zero-emission vehicles is lower than internal combustion vehicles, including maintenance and fueling. The legislature further finds that, while access to public transit and other forms of mobility are increasing, according to the National Travel Household Survey Workshop households below the poverty level used privately owned vehicles for almost three-quarters of

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1 their trips. Increasing access to zero-emission vehicles allows
2 these families to lower daily and monthly costs while decreasing
3 exposure to vehicle emissions and particulate matter and
4 advancing the State's overall energy and affordability goals.

5 The legislature further finds concerns over the range of
6 zero-emission vehicles decreasing. According to the United
7 States Department of Energy's Office of Energy Efficiency and
8 Renewable Energy, for the first time, the median range of all of
9 the electric vehicles offered for sale or lease in the United
10 States in 2020 was more than 250 miles per charge. Charging
11 access throughout the State is increasing through the use of
12 federal funds such as the soon to be released Infrastructure
13 Investment and Jobs Act, and state funds allocated through Act
14 75, Session Laws of Hawaii 2021.

15 The legislature further finds it is critically important to
16 encourage behavior that promotes lower emissions, reduces
17 congestion, and enhances mobility, while encouraging the
18 adoption of low emission vehicles for private and public use.

19 The legislature further finds that an important step toward
20 the decarbonization of ground transportation is to support equal
21 access to new technologies and services such as electric
22 vehicles, which decrease the energy intensity of mobility and

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1 have the potential to greatly benefit low- to moderate-income
2 and underserved populations who would most benefit from the
3 lower maintenance and life-cycle costs.

4 The legislature further finds that it is desirable to
5 consolidate rebate programs to reduce administrative costs and
6 confusion on how to access rebates. The public utilities
7 commission is already authorized to contract with a third-party
8 administrator to operate and manage an electric vehicle charging
9 system rebate program.

10 The purpose of this Act is to establish a rebate program
11 within the public utilities commission for the purchase of zero-
12 emission transportation and to enable low- and moderate-income
13 families greater access to zero-emission vehicles by providing a
14 rebate on the point-of-sale purchase price of zero-emission
15 vehicles.

16 SECTION 2. Chapter 269, Hawaii Revised Statutes, is
17 amended by adding a new section to part III to be appropriately
18 designated and to read as follows:

19 "§269-A Low- to moderate-income zero-emission vehicle;
20 rebate program. (a) The public utilities commission, in
21 consultation with zero-emission vehicle stakeholders and the
22 state energy office, shall administer a rebate program that

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incentivizes the purchase of new or used qualifying vehicles, as
provided in this section, and may contract with a third-party
administrator pursuant to section 269-73 to operate and manage
the rebate program.

(b) The public utilities commission may specify design
features for the program, including procedures to prioritize
available moneys for specific qualifying vehicles and
limitations on the number of rebates available for each type of
qualifying vehicle.

(c) Rebates under the program shall be made from moneys
credited to or deposited in the zero-emission vehicle
subaccount. A rebate may not be made unless there are
sufficient moneys available in the subaccount to make the
rebate.

(d) The public utilities commission shall prescribe the
rebate application procedure for purchasers and lessees.

(e) The rebate amount for qualifying vehicles under the
low- to moderate-income zero-emission vehicle rebate program
shall be set annually by the administrator of the program.

(f) An applicant may be eligible for a rebate if the
applicant meets one of the following criteria:

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1 (1) The applicant is a Hawaii resident who is a member of
2 a household having an income equal to or less than the
3 income threshold set by the administrator of the
4 program; or

5 (2) The applicant is a nonprofit registered as a 501(c)(3)
6 organization either based in Hawaii or with a current
7 Hawaii-based affiliate, that provides health, dental,
8 social, financial, energy conservation, or other
9 assistive services to low- or moderate-income
10 households in Hawaii. Nonprofits are limited to five
11 rebates per entity per calendar year.

12 (g) To be eligible for a rebate, a qualifying applicant
13 requesting a rebate under the program shall:

14 (1) Purchase or lease a qualifying vehicle. A lease must
15 have a minimum term of twenty-four months;

16 (2) Provide proof of an intent to use the qualifying
17 vehicle primarily on the public highways of this
18 State, which may be satisfied by providing proof of
19 registration of the qualifying vehicle in Hawaii;

20 (3) Submit an application for a rebate to the
21 administrator of the program within six months after
22 the date of purchase of the qualifying vehicle or six

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1 months after the date the lease of the qualifying
2 vehicle begins; and

3 (4) Retain registration of the qualifying vehicle for a
4 minimum of twenty-four consecutive months after the
5 date of purchase or the date the lease begins.

6 (h) Rebate recipients may be requested to participate in
7 ongoing research efforts.

8 (i) The administrator of the program shall work to ensure
9 timely payment of low- to moderate-income zero-emission vehicle
10 rebate program rebates with a goal of paying rebates within
11 sixty days of receiving a completed application with all
12 required supporting documentation for a low- to moderate-income
13 zero-emission vehicle rebate.

14 (j) An organization that the public utilities commission
15 has hired or contracted with to implement and serve as the
16 administrator of the program may offer expanded financing
17 mechanisms for program participants, including a loan or loan-
18 loss reserve credit enhancement program to increase consumer
19 access to new or used light-duty zero-emission vehicles.

20 (k) As used in this section:

21 "Light-duty motor vehicle" shall have the same meaning as
22 that term is defined in section 26-6.

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1 "Light-duty zero-emission vehicle" means a light-duty motor
2 vehicle which is also a zero-emission vehicle.

3 "Moped" shall have the same meaning as that term is defined
4 in section 291C-1.

5 "Motor scooter" shall have the same meaning as that term is
6 defined in section 291C-1.

7 "Motorcycle" shall have the same meaning as that term is
8 defined in section 291C-1.

9 "Neighborhood Electric Vehicle" shall have the same meaning
10 as that term is defined in section 291C-1.

11 "New" means a qualifying vehicle that:

12 (1) Has not previously been sold to any person except a
13 distributor, wholesaler, or dealer for resale, except
14 where the vehicle has not left the dealer's possession
15 after the sale to a consumer;

16 (2) Has not previously been registered or titled in the
17 name of a consumer except where the vehicle has not
18 left the dealer's possession after the sale to a
19 consumer; and

20 (3) Has not been driven more than five hundred miles;

21 "Qualifying vehicle" means a motor vehicle that:

22 (1) Is a:

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- 1 (A) New or used light-duty zero-emission vehicle;
2 (B) New neighborhood electric vehicle;
3 (C) New zero-emission motorcycle;
4 (D) New zero-emission motor scooter;
5 (E) New zero-emission moped;
6 (2) Has a manufacturer's suggested retail price of less
7 than the maximum set by the administrator;
8 (3) Is covered by a manufacturer's express warranty on the
9 vehicle drive train, including the applicable energy
10 storage system or battery pack, for at least twenty-
11 four months from the date of purchase;
12 (4) Is certified by the manufacturer to comply with all
13 applicable federal safety standards issued by the
14 National Highway Traffic Safety Administration as of
15 the date of manufacture; and
16 (5) Is purchased from a vehicle dealer.
17 "Vehicle dealer" means a "new vehicle dealer" or "used
18 vehicle dealer" as defined in section 437-1.1, or an appropriate
19 entity as identified by the administrator of the program.
20 "Zero-emission moped" means a moped that:
21 (1) Has zero evaporative emissions from its fuel system;
22 and

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(2) Is powered by electricity.

"Zero-emission motor scooter" means a motor scooter that:

(1) Has zero evaporative emissions from its fuel system;

and

(2) Is powered by electricity.

"Zero-emission motorcycle" means a motorcycle that:

(1) Has zero evaporative emissions from its fuel system;

and

(2) Is powered by electricity.

"Zero-emission vehicle" shall have the same meaning as that term is defined in section 26-6."

SECTION 3. Section 243-3.5, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

"(a) In addition to any other taxes provided by law, subject to the exemptions set forth in section 243-7, there is hereby imposed a state environmental response, energy, and food security tax on each barrel or fractional part of a barrel of petroleum product sold by a distributor to any retail dealer or end user of petroleum product, other than a refiner. The tax shall be \$1.05 on each barrel or fractional part of a barrel of petroleum product that is not aviation fuel; provided that of the tax collected pursuant to this subsection:

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(1) 5 cents of the tax on each barrel shall be deposited into the environmental response revolving fund established under section 128D-2;

(2) 4 cents of the tax on each barrel shall be deposited into the energy security special fund established under section 201-12.8;

(3) 8 cents of the tax on each barrel shall be deposited into the energy systems development special fund established under section 304A-2169.1; ~~[and]~~

(4) 3 cents of the tax on each barrel shall be deposited into the electric vehicle charging system subaccount established pursuant to section 269-33(e) ~~[+]~~; and

(5) 5 cents of the tax on each barrel shall be deposited into the zero-emission vehicle subaccount established pursuant to section 269-33(f).

The tax imposed by this subsection shall be paid by the distributor of the petroleum product."

SECTION 4. Section 269-33, Hawaii Revised Statutes, is amended to read as follows:

"§269-33 Public utilities commission special fund. (a) There is established in the state treasury a public utilities commission special fund to be administered by the

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1 public utilities commission. The proceeds of the fund shall be
2 used by the public utilities commission and the division of
3 consumer advocacy of the department of commerce and consumer
4 affairs for all expenses incurred in the administration of
5 chapters 269, 271, 271G, 269E, and 486J, and for costs incurred
6 by the department of commerce and consumer affairs to fulfill
7 the department's limited oversight and administrative support
8 functions; provided that the expenditures of the public
9 utilities commission shall be in accordance with legislative
10 appropriations. On a quarterly basis, an amount not exceeding
11 thirty per cent of the proceeds remaining in the fund after the
12 deduction for central service expenses, pursuant to section 36-
13 27, shall be allocated by the public utilities commission to the
14 division of consumer advocacy and deposited in the compliance
15 resolution fund established pursuant to section 26-9(o);
16 provided that all moneys allocated by the public utilities
17 commission from the fund to the division of consumer advocacy
18 shall be in accordance with legislative appropriations.

19 (b) All moneys appropriated to, received, and collected by
20 the public utilities commission that are not otherwise pledged,
21 obligated, or required by law to be placed in any other special
22 fund or expended for any other purpose shall be deposited into

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1 the public utilities commission special fund including, but not
2 limited to, all moneys received and collected by the public
3 utilities commission pursuant to sections 92-21, 243-3.5,
4 269-28, 269-30, 271-27, 271-36, 271G-19, 269E-6, 269E-14, and
5 607-5.

6 (c) The public utilities commission shall submit an update
7 as part of its annual report submitted pursuant to section 269-5
8 detailing all funds received and all moneys disbursed out of the
9 fund.

10 (d) All moneys in excess of \$1,000,000 remaining on
11 balance in the public utilities commission special fund on
12 June 30 of each year shall lapse to the credit of the state
13 general fund; provided that this ceiling shall not apply to the
14 [~~subaccount~~] subaccounts established in [~~subsection~~] subsections
15 (e) [~~-~~] and (f).

16 (e) There is established within the public utilities
17 commission special fund an electric vehicle charging system
18 subaccount. The public utilities commission shall expend moneys
19 in the subaccount for the purposes of funding the electric
20 vehicle charging system rebate program established pursuant to
21 sections 269-72 and 269-73. The funds in this subaccount shall
22 not be subject to the special fund ceiling in subsection (d).

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1 (f) There is established within the public utilities
2 commission special fund a zero-emission vehicle subaccount. The
3 public utilities commission shall expend moneys in the
4 subaccount for the purposes of funding pursuant to sections 269-
5 A and 269-73. The funds in this subaccount shall not be subject
6 to the special fund ceiling in subsection (d)."

7 SECTION 5. Section 269-73, Hawaii Revised Statutes, is
8 amended to read as follows:

9 "[~~f~~]~~\$269-73~~[~~f~~] Electric vehicle charging system[~~f~~], low-
10 to moderate-income zero-emission vehicle; rebate [program,
11 programs; administrator; establishment. (a) The public
12 utilities commission may contract with a third-party
13 administrator to operate and manage any programs established
14 under [~~section~~] sections 269-72[~~-~~] and 269-A. The administrator
15 shall not be deemed to be a "governmental body" as defined in
16 section 103D-104; provided that all moneys transferred to the
17 third-party administrator shall have been appropriated by the
18 legislature or shall be from funds provided by the federal
19 government or private funding sources. The administrator shall
20 not expend more than ten per cent of the amounts appropriated
21 for the rebate program or other reasonable percentage determined
22 by the public utilities commission for administration of the

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1 programs established under ~~[section]~~ sections 269-72 ~~[+]~~ and 269-
2 A.

3 (b) The electric vehicle charging system rebate program
4 administrator shall be subject to regulation by the public
5 utilities commission under any provision applicable to a public
6 utility in sections 269-7, 269-8, 269-8.2, 269-8.5, 269-9,
7 269-10, 269-13, 269-15, 269-19.5, and 269-28, and shall report
8 to the public utilities commission on a regular
9 basis. Notwithstanding any other provision of law to the
10 contrary, the electric vehicle charging system rebate program
11 administrator shall not be an electric public utility or an
12 electric public utility affiliate.

13 (c) The low- to moderate-income zero-emission vehicle
14 rebate program administrator shall be subject to regulation by
15 the public utilities commission under any provision applicable
16 to a public utility in sections 269-7, 269-8, 269-8.2, 269-8.5,
17 269-9, 269-10, 269-13, 269-15, 269-19.5, and 269-28 and shall
18 report to the public utilities commission on a regular
19 basis. Notwithstanding any other provision of law to the
20 contrary, the low- to moderate-income zero-emission vehicle
21 rebate program administrator shall not be an electric public
22 utility or an electric public utility affiliate."

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1 SECTION 6. In codifying the new section added by section 2
2 of this Act, the revisor of statutes shall substitute an
3 appropriate section number for the letter used in designating
4 and referring to the new section in this Act.

5 SECTION 7. Statutory material to be repealed is bracketed
6 and stricken. New statutory material is underscored.

7 SECTION 8. This Act shall take effect upon its approval.

8

9

INTRODUCED BY: 

10

BY REQUEST

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Report Title:

Zero Emission Vehicle Transportation; Public Utilities
Commission

Description:

Establishes a zero-emission transportation rebate program within the Public Utilities Commission to enable low- and moderate-income families greater access to zero-emission vehicles by providing a rebate on the point-of-sale purchase price of zero-emission vehicles.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

JUSTIFICATION SHEET

DEPARTMENT: Business, Economic Development, and Tourism

TITLE: A BILL FOR AN ACT RELATING TO ZERO EMISSION TRANSPORTATION.

PURPOSE: To establish a rebate program within the Public Utilities Commission (PUC) for the purchase of zero-emission transportation and to enable low- and moderate-income families greater access to zero-emission vehicles by providing a rebate on the point-of-sale purchase price of zero-emission vehicles.

MEANS: Add a new section to part III of chapter 269, Hawaii Revised Statutes (HRS), and amend sections 243-3.5, 269-33, and 269-73, HRS.

JUSTIFICATION: An important step towards the decarbonization of ground transportation is to support equal access to new technologies and services such as electric vehicles, which decrease the energy intensity of mobility and have the potential to greatly benefit low- to moderate-income and underserved populations who would most benefit from the lower maintenance and life-cycle costs. Increasing access to zero-emission vehicles allows these families to lower daily and monthly costs while decreasing exposure to vehicle emissions and particulate matter and advancing the State's overall energy and affordability goals.

Impact on the public: Will enable low- and moderate-income families greater access to zero-emission vehicles by providing a rebate on the point-of-sale purchase price of zero-emission vehicles.

Impact on the department and other agencies: The Public Utilities Commission, in consultation with zero-emission vehicle stakeholders and the Hawaii State Energy

Office, would administer the rebate program that incentivizes the purchase of new or used qualifying vehicles, and may contract with a third-party administrator to operate and manage the rebate program.

GENERAL FUND:

The bill allocates 5 cents of the Environmental Response, Energy, and Food Security Tax ("Barrel Tax") to a zero-emission vehicle subaccount in the PUC's special fund.

Pursuant to section 243-3.5, HRS, the \$1.05 Barrel Tax is currently allocated as follows:

- (1) 5 cents of the tax on each barrel shall be deposited into the environmental response revolving fund established under section 128D-2, HRS;
- (2) 4 cents of the tax on each barrel shall be deposited into the energy security special fund established under section 201-12.8, HRS;
- (3) 8 cents of the tax on each barrel shall be deposited into the energy systems development special fund established under section 304A-2169.1, HRS; and
- (4) 3 cents of the tax on each barrel shall be deposited into the electric vehicle charging system subaccount established pursuant to section 269-33(e), HRS.

The remaining 85 cents of Barrel Tax goes to the credit of the general fund.

The bill would result in a reduction of the Barrel Tax revenue into the general fund of roughly \$1.25 million annually.

OTHER FUNDS:

None.

PPBS PROGRAM
DESIGNATION:

BED 120.

OTHER AFFECTED
AGENCIES:

Public Utilities Commission, Consumer Advocate.

EFFECTIVE DATE: Upon approval.