

SB 552



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

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Statement of
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Department of Business, Economic Development, and Tourism
before the
SENATE COMMITTEE ON ENERGY AND ENVIRONMENT
Thursday, February 12, 2009
4:00 PM
State Capitol, Conference Room 225

in consideration of
SB 552
RELATING TO ENERGY-EFFICIENT VEHICLES.

Chair Gabbard, Vice Chair English, and Members of the Committee.

The Department of Business, Economic Development, and Tourism (DBEDT) supports the intent of SB 552, which would revise the procurement policy for State agencies' purchase or lease of motor vehicles, but prefer the approach of including vehicles capable of operating on non-petroleum energy sources, or the most efficient vehicles in each class, unless the agency can show that those vehicles do not meet the needs of the agency. This approach ensures that agencies will be kept up to date on available vehicle technologies, yet provides them with flexibility to comply with Federal alternative fuel vehicle requirements and to meet their operational needs and budgetary constraints.

The suggested language provided below is similar to the State agency vehicle requirements proposed in Section 15 of SB 1612 and Section 16 of SB 872:

Section 103D-412, Hawaii Revised Statutes, is amended to read as follows:

~~"§103D-412 [Energy-efficient vehicles.] Light duty motor vehicle requirements.~~ (a) The procurement policy for all agencies purchasing or leasing light duty motor vehicles shall be to ~~[obtain energy-efficient vehicles. All covered fleets are directed to procure increasing percentages of energy-efficient vehicles as part of their annual vehicle acquisition plans, which shall be as follows:~~

- ~~(1) In the fiscal year beginning July 1, 2006, at least twenty per cent of newly purchased light-duty vehicles acquired by each covered fleet shall be energy-efficient vehicles;~~
- ~~(2) In the fiscal year beginning July 1, 2007, at least thirty per cent of newly purchased light-duty vehicles acquired by each covered fleet shall be energy-efficient vehicles;~~
- ~~(3) In the fiscal year beginning July 1, 2008, at least forty per cent of newly purchased light-duty vehicles acquired by each covered fleet shall be energy-efficient vehicles; and~~
- ~~(4) For each subsequent fiscal year, the percentage of energy-efficient vehicles newly purchased shall be five percentage points higher than the previous year, until at least seventy-five per cent of each covered fleet's newly purchased, light-duty vehicles are energy-efficient vehicles.]~~

reduce dependence on petroleum for transportation energy.

(b) Beginning January 1, 2010, all state and county entities, when purchasing new vehicles, shall seek vehicles with reduced dependence on petroleum-based fuels, provided that such vehicles meet the needs of the agency. Priority for selecting vehicles shall be as follows:

- (1) Electric or plug-in hybrid electric vehicles;
- (2) Hydrogen or fuel cell vehicles;
- (3) Other alternative fuel vehicles;
- (4) Hybrid electric vehicles; or
- (5) Vehicles that are identified by the United States Environmental Protection Agency in its annual "Fuel Economy Leaders" report as being among the top performers for fuel economy in their class.

~~[(b)]~~ (c) For the purposes of this section:

"Agency" means a state agency, office, or department.

"Alternative fuel" ~~[has the same meaning as contained in 10 Code of Federal Regulations Part 490]~~ means alcohol fuels; mixtures containing eighty-five per cent or more by volume of alcohols with gasoline or other fuels; natural gas; liquefied petroleum gas; hydrogen; biodiesel; mixtures containing twenty per cent or more by volume of biodiesel with diesel or other fuels; other fuels derived from biological materials; and electricity provided by off-board energy sources.

"Covered fleet" has the same meaning as contained in 10 Code of Federal Regulations Part 490 Subpart C.

~~["Energy-efficient vehicle" means a vehicle that:~~

- ~~(1) Is capable of using an alternative fuel;~~
- ~~(2) Is powered primarily through the use of an electric battery or battery pack that stores energy produced by an electric motor through regenerative braking to assist in vehicle operation;~~
- ~~(3) Is propelled by power derived from one or more cells converting chemical energy directly into electricity by combining oxygen with hydrogen fuel that is stored on board the vehicle in any form;~~
- ~~(4) Draws propulsion energy from onboard sources of stored energy generated from an internal combustion or heat engine using combustible fuel and a rechargeable energy storage system; or~~
- ~~(5) Is on the list of "Most Energy Efficient Vehicles" in its class or is in the top one-fifth of the most energy efficient vehicles in its class available in Hawaii as shown by vehicle fuel efficiency lists, rankings, or reports maintained by the United States Environmental Protection Agency.]~~

"Excluded vehicles" has the same meaning as provided in 10 Code of Federal Regulations Section 490.3.

~~["Light-duty vehicle"]~~ "Light duty motor vehicle" has the same meaning as contained in 10 Code of Federal Regulations Part 490. It does not include any vehicle incapable of traveling on highways or any vehicle with a gross vehicle weight rating greater than 8,500 pounds.

~~[(e) Agencies may offset energy efficient vehicle purchase requirements by successfully demonstrating percentage improvements in overall light-duty vehicle fleet mileage economy. The offsets shall be measured against the fleet average miles per gallon of petroleum-based gasoline and diesel fuel, using the fiscal year beginning July 1, 2006, as a baseline, on a percentage-by-percentage basis.~~

~~(d) Agencies that use biodiesel fuel may offset the vehicle purchase requirements of this section at the rate of one vehicle for each four hundred fifty gallons of neat biodiesel fuel used. Neat biodiesel fuel is one hundred per cent biodiesel (B100) by volume.]~~

~~[(e)]~~ (d) Agencies may apply to the chief procurement officer for exemptions from the requirements of this section to the extent that the vehicles required by this section are not available or do not meet the specific needs of the agency~~[-]~~; provided that life cycle vehicle and fuel costs may be included in the determination of whether a particular vehicle meets the needs of the agency. Estimates of future fuel prices shall be based on projections from the United States Energy Information Administration.

~~[(f)]~~ (d) Vehicles acquired from another state agency and excluded vehicles are exempt from the requirements of this section.

~~[(g)]~~ (e) Nothing in this section is intended to interfere with ~~[an agency's]~~ the ability of a covered fleet to comply with

[~~federally-imposed~~] the vehicle purchase mandates [~~such as those~~]
required by 10 Code of Federal Regulations Part 490 Subpart C."

Thank you for the opportunity to offer these comments.



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LATE

SENATE COMMITTEE ON ENERGY AND ENVIRONMENT

February 12, 2009, 4:00 P.M.

(Testimony is 2 pages long)

TESTIMONY IN SUPPORT, WITH AMENDMENTS, OF SB 552

Chair Gabbard and members of the Committee:

The Sierra Club, Hawai'i Chapter, with 5500 dues paying members statewide, *supports* an amended version SB 552, providing that all newly purchased or light-duty vehicles must have a target fuel efficiency.

Hawai'i is the most dependent state in the nation on imported oil. Some 50 million barrels are imported annually, nearly 80% of which originate from foreign sources. In addition, over 805,000 tons of coal are imported into our state. These sources provide power for over 92% of Hawaii's electricity generation. The combustion of these resources also contributes over 23 million tons of climate changing greenhouse gas into our atmosphere annually.

Hawaii's economic, environmental, and energy security demand that we reduce the amount of fossil fuel imported and consumed in Hawaii. The State should lead by example in this effort. To this end, the Sierra Club suggests amending SB 552 to include the language stated in HB 1466 in Section 7. Specifically, the State should purchase light vehicles in the following priority:

- (1) Electric or plug-in hybrid electric vehicles;
- (2) Hydrogen or fuel cell vehicles;
- (3) Flexible fuel vehicles;
- (4) Hybrid electric vehicles; or
- (5) Vehicles that are identified by the United States Environmental Protection Agency in its annual "Fuel Economy Leaders" report as being among the top performers for fuel economy in their class.

18 miles per gallon, as currently specified, is not much of a step above regular standards. If the State is going to lead, it should commit to bold leadership.



Robert D. Harris, Director

The Sierra Club also notes the defective dates currently specified in Section 2.

Thank you for this opportunity to provide testimony.