

HB 359 Clean Cars Act of 2020 – Extension, Funding, and Reporting

Position: Support with Amendments

February 13, 2020

The Honorable Kumar Barve, Chair
Room 251, House Office Building
Annapolis, MD 21401

Honorable Chair Barve and Members of the House Environment and Transportation Committee:

My name is Robert Erdman and I am a resident of Montgomery County. I am writing to you **in support** of Senate Bill 277 Clean Cars Act of 2020 with **Amendments**.

We have two electric vehicles, a 2013 Chevy Volt and a 2013 Tesla Model S. I'm also the treasurer of the Electric Vehicle Association of greater Washington DC (EVADC), an all-volunteer non-profit dedicated to educating the public about Electric Vehicles in the Maryland, DC and Northern Virginia areas. Recently our Association passed a new milestone. Our members have cumulatively driven over 4,000,000 electric miles!

The HB 359 Clean Cars Act of 2020 is important because it increases the funding for incentives to buy ZEVs (Zero Emission Vehicles). Maryland has a goal to reach 300,000 ZEVs by 2025. The Transportation sector is now the largest contributor to GHGs (Green House Gasses), the increase of which is at the root of Climate Change.

Amendment #1 – Increase the funding

Problem: The funding is not keeping up with the number of new EVs. Last years (FY 2020) funding of \$6M was gone on the first day of the fiscal year to cover the backlog from the year before. Anyone who bought a new EV after July 2019 will not receive their refund until July 2020.

<https://electrek.co/2019/07/08/maryland-ev-tax-credit-funding/>

The Clean Cars Act of 2020 contains an increase in the EV incentive funding to \$12M. At \$3K per ZEV that is only enough for 4,000 ZEVs. Note that 7,515 ZEVs were added in FY 2019 alone. The expectation is for at least 10,000 ZEVs in FY 2021.

The backlog from this fiscal year is projected to be \$13.4M (See fiscal note page 8, end of second paragraph), so it too will be gone as soon as the next fiscal year starts.

Funding must be increased to \$30M to cover \$13.4M for the expected FY 2020 backlog and \$17M for new sales in FY 2021. If funding is difficult to get perhaps Maryland could follow our neighbors in NJ and DC and wave the excise tax for ZEVs.

Incentives Matter!

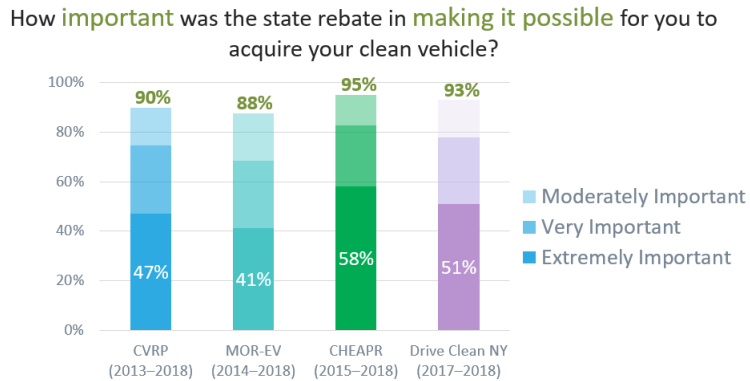
From the Center for Sustainable Energy's surveys of new EV Buyers:

CVRP = California Clean Vehicle Rebate Program

MOR-EV = Massachusetts Offers Rebates for Electric Vehicles

CHEAPR = Connecticut Hydrogen and Electric Automobile Purchase Rebate

Money Matters: Rebates Remain Important to All



From the Center for Sustainable Energy's surveys of new EV Buyers

Maryland needs a Reliable Incentive!

- Citizens need to believe that they will get the excise tax refund in a timely manner.
- Dealers don't want to promote an incentive that will be paid late.

There is a "ZEV Premium" which makes the Total Cost of Ownership look expensive. Although EVs have less maintenance and fueling costs the up-front cost is relatively high. This state incentive and any available Federal incentive help cover the extra cost.

At the Washington Auto Show at the Nissan pavilion I asked which ICE was most similar to the Leaf, I was told the Nissan Kicks, which has an MSRP of \$18,870. The 2020 Leaf's MSRP is \$31,600. Here are some other comparisons:

MSRP for VW Golf EV	\$31,895	MSRP for Kia Niro EV	\$38,500	MSRP for Hyundai Kona SEL EV	\$36,490
MSRP for VW Golf Gas	\$21,845	MSRP for Kia Niro Gas	\$23,490	MSRP for Hyundai Kona SEL Gas	\$20,400
ZEV Premium:	\$10,050	ZEV Premium:	\$15,010	ZEV Premium:	\$16,090
ZEV Premium Percent	46%	ZEV Premium Percent	64%	ZEV Premium Percent	79%
Range in miles	123	Range in miles	239	Range in miles	258

Amendment #2 – Keep or remove the \$63K cap for both FCEV and BEV

This bill changes the current law to remove the \$63,000 cap for FCEV (Hydrogen Fuel Cell Electric Vehicles) but not other ZEVs. There are a few new and existing EVs that will be affected by the price cap in FY 2021. If the price cap is removed for FCEV, then it should also be removed for BEVs.

The purpose of the incentive is persuade citizens to buy clean vehicles. These clean vehicles make the air cleaner for everyone else as much as for the buyer. An incentive is needed because the up-front costs are higher than similar gas vehicles – although if held long enough the lower fueling and maintenance may result in a similar total cost of ownership.

New Electric Vehicles expected in FY 2021:

Rivian R1T Truck – MSRP starting at \$69,000. This is the first EV truck! We want to enlarge the tent and get a new class of EV driver.

Polestar 2 – The suggested MSRP is right at \$63,000. Any additions and it will be over the limit.

Mercedes EQC SUV – The suggested MSRP is \$67,900.

Existing Electric Vehicles

Tesla Model S, Tesla Model X – Starting at \$79,990 and \$84,990. If someone wants to buy a Model S or Model X, there is no longer a federal or state incentive. I have a friend who would have bought a new Tesla Model S if there was an incentive. Instead he has decided to just keep his current gas car.

Audi e-tron – At an MSRP of \$74,800 it is too expensive to qualify for the state incentive. An incentive would also help Audi dealers sell their relatively new and unknown Audi e-tron.

Jaguar i-Pace – At an MSRP starting at \$69, is too expensive to qualify for the state incentive. An incentive would also help Jaguar dealers sell their relatively new and unknown i-Pace.

In summary, I support HB 359 with Amendments.

Amendment #1: Increase the funding from \$12M to \$30M so that there is no backlog of buyers waiting for their Incentive.

Amendment #2: If the \$63,000 price cap is removed for FCEV it should also be removed for BEV to allow the new offerings to get a start.

Sincerely,

Robert S. Erdman
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Appendix 1

7,515 EVs were added in FY 2019. This would require \$22,545,000 if each buyer received \$3,000. The funding for FY 2021 must be increased!

Note that this chart only shows the first 4 months of FY 2020.

EV Registration

