SIERRA CLUB

Maryland Chapter
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Committee: **Environment and Transportation**
Testimony on: **HB359 - "Clean Cars Act of 2020 – Extension, Funding, and Reporting"**
Position: **Support with Amendments**
Hearing Date: **February, 13, 2020**

The Sierra Club urges the General Assembly to act aggressively to reduce greenhouse gas emissions from the transportation sector, the state's largest source of these emissions. Gasoline-powered vehicles on our roadways account for 70%. Electrification of the transportation sector, including reliance on electric vehicles, is essential in order to substantially reduce these emissions. Therefore, we are supportive of growing the state's incentives for electric vehicles (EVs), as contemplated by this bill. However, the bill requires at least two important amendments.

First, we request that the additional three years of tax credits <u>not</u> be paid from the Strategic Energy Investment Fund (SEIF) and, instead, be funded from elsewhere in the budget. SEIF is a critical program in responding to the climate crisis in the electricity sector. As evidenced by passage of the Clean Energy Jobs Act, the state is moving away from fossil-fuel generated electricity to clean (typically, wind and solar) energy. As this occurs, it is important to prioritize support for workers and communities affected by this transition. Consistent with our General Assembly advocacy this year, we strongly request that the General Assembly's primary work on SEIF be focused on establishing a fossil fuel workforce and community transition account, funded by SEIF, to support workers and communities facing the closure of fossil fuel power generators. This bill does not propose to establish such an account.

Second, the tax credit for hydrogen fuel cell vehicles should be eliminated, which was our position on this issue in the 2019 legislative session. Plug-in EVs are and always will be cheaper, cleaner, and safer; giving tax credits for fuel cell cars takes needed money away from plug-in EVs. If, however, fuel cell cars continue to retain tax-credit eligibility, we oppose expanding this eligibility by allowing credits for cars costing more than $63,000. This limitation was enacted last year in the Clean Cars Act of 2019 to promote equity (and we note that the bill would not delete the $63,000 cap on plug-in EVs' tax-credit eligibility – fuel cell cars should not receive a special allowance in this regard).

Otherwise, we support the proposed three-year extension of the excise tax credit for purchase of plug-in EVs (through fiscal year 2023), as well as the three-year extension of rebates for EV recharging equipment. In this regard, we suggest the total amount designated for excise tax credits during the three-year extension be increased from $12 million to $24 million, as proposed in HB1223 (also entitled the "Clean Cars Act of 2020").

We urge the committee to explore the reasoning for the proposed alteration to the allowable use of certain SEIF moneys that currently must be used to benefit low income state residents. In particular, we are concerned that the bill, in one respect, would expand the targeting to include moderate income persons.

Lastly, we support extending the life of the Maryland Electric Vehicle Infrastructure Council by three years. However, we prefer the extension proposed this year in HB232, which is for six years.

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