

EV POS Fraser-Hidalgo LH (2023).pdf

Uploaded by: David Fraser-Hidalgo

Position: FAV

DAVID FRASER-HIDALGO
Legislative District 15
Montgomery County

Economic Matters Committee

Chair

Property and Casualty Insurance
Subcommittee



The Maryland House of Delegates
6 Bladen Street, Room 350
Annapolis, Maryland 21401
410-841-3186 · 301-858-3186
800-492-7122 Ext. 3186
David.Fraser.Hidalgo@house.state.md.us

THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

Senator Guy Guzzone
Chairman, Senate Budget and Taxation Committee
Miller Senate Office Building – 3 West
Annapolis, MD 21401

Mr. Chairman,

I am writing in favor of HB 689 – Electric Vehicles – Repeal of Excise Tax Credit and Establishment of Rebate Program.

Maryland’s current electric vehicle excise tax provides a one-time credit of up to \$3,000 when purchasing a qualifying zero-emission vehicle or fuel cell electric vehicle. The program runs on a first-come, first served basis, requiring individuals to manually submit their applications to the Motor Vehicle Administration.¹ After the program funds have been depleted, EV owners must wait until the following fiscal year to be compensated, resulting in longer processing times and less incentive to apply.

HB 689 addresses concerns by repealing the excise tax credit and instead establishing the Electric Vehicle Rebate Program. This would place Maryland in a similar posture to the new federal standards. As of January 1, 2024, the Inflation Reduction Act expanded its regulations to allow car dealers to give buyers their EV tax break at the point-of-sale.² This program will require participating car dealers to provide a rebate to an eligible buyer at the time of purchase and the MVA to reimburse the dealer for the rebates provided. As opposed to having to apply for a benefit exchange, car buyers will be able to receive the benefit at the time of purchase.

Pennsylvania’s Alternative Fuel Rebate offers up to \$2,000 in rebates to assist eligible residents with paying the upfront cost of purchasing an EV.³ Similarly, California adopted the Clean Fuel Reward program in 2020, providing an instant price reduction of up to \$750 at the point-of-sale for eligible new plug-in electric vehicles at participating retailers.⁴

¹ “Titling - Excise Tax Credit for Plug-in Electric Vehicles,” Maryland Department of Transportation Motor Vehicle Administration, n.d., <https://mva.maryland.gov/vehicles/Pages/27300-71T.aspx>.

² Greg Iacurci, “Why the \$7,500 Electric Vehicle Tax Credit May Be Easier - and Harder - to Get in 2024,” CNBC, December 28, 2023, <https://www.cnbc.com/2023/12/28/7500-ev-tax-credit-may-be-easier-and-harder-to-get-in-2024.html>.

³ “Alternative Fuel Vehicle (AFV) Rebate,” Alternative Fuels Data Center, n.d., <https://afdc.energy.gov/laws/5812>.

⁴ “California Clean Fuel Reward Surpasses 250,000 Point-of-Sale Financial Incentives for EV Buyers,” California Air Resources Board, May 9, 2022, <https://ww2.arb.ca.gov/news/california-clean-fuel-reward-surpasses-250000-point-sale-financial-incentives-ev-buyers>.

Reducing the point-of-sale purchase price of an EV is more enticing than providing a tax credit far after the purchase of the vehicle.⁵ A recent study from George Washington University found that car buyers overwhelmingly prefer an immediate rebate as opposed to an alternative incentive such as a tax credit. For the same subsidy amount, buyers valued the rebate by \$1,450 more than a tax credit and this valuation was nearly double the amount for lower income households and buyers with lower budgets.⁶ When incentives are not provided at the point-of-sale, the customer must have the financial ability to pay for the vehicle and then wait to receive the credit. Through this bill, lower income families would be more likely to purchase electric vehicles as the rebates would help offset the cost of the purchase.

This bill makes the transition to EVs far more accessible since participating dealers would provide rebates to eligible buyers at the time of purchase. In order to phase out internal combustion engines in the next decade, programs must be implemented to make environmental justice more affordable and attainable. By providing rebates at the point-of-sale for electric vehicles, Maryland would be able to reduce greenhouse gas emissions while addressing economic concerns for potential EV buyers.

⁵ Zifei Yang et al., “Principles for Effective Electric Vehicle Incentive Design ,” International Council on Clean Transportation, n.d., https://theicct.org/sites/default/files/publications/ICCT_IZEV-incentives-comp_201606.pdf.

⁶ “Electric Vehicle Buyers Want Rebates, Not Tax Credits,” Media Relations: The George Washington University, July 7, 2022, <https://mediarelations.gwu.edu/electric-vehicle-buyers-want-rebates-not-tax-credits>.

HB 689 CF - MoCo DEP - Fitzgerald_FAV (GA 24).pdf

Uploaded by: Garrett Fitzgerald

Position: FAV



Montgomery County

Office of Intergovernmental Relations

ROCKVILLE: 240-777-6550

ANNAPOLIS: 240-777-8270

HB 689

DATE: March 26, 2024

SPONSOR: Delegate Fraser-Hidalgo

ASSIGNED TO: Budget and Taxation Committee

CONTACT PERSON: Garrett Fitzgerald (garrett.fitzgerald@montgomerycountymd.gov)

POSITION: Favorable (Department of Environmental Protection)

Electric Vehicles – Repeal of Excise Tax Credit and Establishment of Rebate Program

This bill would repeal the State's electric vehicle (EV) excise tax credit and replace it with instant rebates on EV purchases.

These rebates would be administered through the creation of a new Electric Vehicle Rebate Program within the Motor Vehicle Administration (MVA). Participating dealers would provide rebates to EV buyers in the form of an equivalent reduction of the vehicle purchase price. Those dealers would then report information through a program website to request reimbursement from the State.

Shifting from a tax credit to a point-of-sale instant rebate is likely to be a more effective method of incentivizing EV purchases, assuming a sufficient program budget and dealer participation. We fully support this approach. We also offer two suggestions to further strengthen this bill.

First, the bill could require the program website to provide real-time information about the availability of rebates to the general public, in addition to dealers. Access to this information in advance may be valuable to individuals and businesses considering the purchase of an EV.

Second, the bill could allow qualifying individuals who purchase qualifying EVs but were unable to receive the instant rebate through a participating dealer to apply for an equivalent rebate through a separate process administered by MVA. There is precedent for this at the federal level, where individuals who are not able to access federal EV incentives at the point-of-sale are able to apply for them when filing their taxes.

We respectfully request that the Budget and Taxation Committee give HB 689 a favorable report.

Senate_FAV_HB689 - Electric Vehicles – Repeal of E

Uploaded by: Kristen Harbeson

Position: FAV



MARYLAND
LEAGUE OF
CONSERVATION
VOTERS

March 25, 2024

Kim Coble
Executive Director

2024 Board of
Directors

Lynn Heller, Chair
The Hon. Nancy Kopp,
Treasurer
Kimberly Armstrong
Candace Dodson-Reed
Verna Harrison
Melanie Hartwig-Davis
Charles Hernick
The Hon. Steve Lafferty
Patrick Miller
Bonnie L. Norman
Katherine (Kitty)
Thomas

SUPPORT: HB689 - Electric Vehicles – Repeal of Excise Tax Credit and Establishment of Rebate Program

Mr. Chairman and Members of the Committee:

Maryland LCV supports HB689 - Electric Vehicles – Repeal of Excise Tax Credit and Establishment of Rebate Program, and we thank Delegate Fraser-Hidalgo for his leadership on this issue.

Transportation remains the largest contributor to greenhouse gas emissions in our state, and the associated pollution disproportionately impacts communities of color and low-wealth communities. The detrimental effects of tailpipe emissions, filled with carcinogens, particulate matter, and soot, significantly increase the lifetime risk of cancer, incidents of asthma, and heart disease.

On December 28, 2023, The Maryland Department of the Environment (MDE) released Maryland's Climate Pollution Reduction Plan, outlining a comprehensive framework to reduce Greenhouse Gas Emissions by 60% by 2031, with a net-zero target by 2045. The plan emphasizes the need to transition a significant portion of the light-duty fleet to Zero Emission Vehicles by 2031. To achieve this goal, the Plan outlines a series of recommendations including increasing investments to help Marylanders purchase electric vehicles.

HB689 proposes the repeal of the electric vehicle excise tax credit and the establishment of the Electric Vehicle Rebate Program in Maryland. The creation of an Electric Vehicle Rebate Program is consistent with the recommendations from the Maryland Commission on Climate Change, and Maryland's Climate Pollution Reduction Plan. We are disappointed HB689 has been amended in the House to remove provisions regarding income requirements and prioritized outreach to low and moderate-income superusers, defined as individuals using more than 1,000 gallons of fuel per year.

This Rebate Program will lower the upfront cost of buying electric vehicles and incentivize the adoption of electric vehicles in Maryland.

Maryland LCV urges a favorable report on this important bill.

HB0689 - FAV Senate.pdf

Uploaded by: Landon Fahrig

Position: FAV



Maryland

Energy Administration

TO: Chair Guzzone, Vice Chair Rosapepe, and Members of the Budget and Taxation Committee

FROM: MEA

SUBJECT: HB 689 - Electric Vehicles – Repeal of Excise Tax Credit and Establishment of Rebate Program

DATE: March 26, 2024

MEA Position: FAVORABLE

This bill would convert the state's excise tax credit for EVs to be a rebate program.

Maryland has set ambitious climate and electric vehicle (EV) goals, and financial incentives play an important role in the continued adoption of EVs. Research from the George Washington University found, however, that a tax credit was least valued by car buyers. The study also found that time-delayed incentives like tax credits favor more affluent purchasers, and immediate incentives such as direct rebates were strongly preferred by both used car buyers and those experiencing lower incomes. Modifying the state incentive to be a rebate is also consistent with Maryland's Climate Pollution Reduction Plan and the recommendations of the Maryland Commission on Climate Change.

Rebates offer several benefits over tax credits, not the least of which is that an EV buyer need not have a tax liability to take full advantage of a rebate. Tax credits are typically non-refundable, meaning that a purchaser must have a tax liability at least equal to the credit in order to gain the maximum benefit. Those with lower incomes and therefore lower tax burdens may not be able to realize the full benefit of a rebate. Additionally, the benefit of rebates is fully realized at the point of sale. This reduces the immediate cost of the vehicle and any amount of the purchase price that must be financed.

Federal programming is moving in a similar direction. Signed by President Biden in August 2022, the Inflation Reduction Act (IRA) includes changes that enable EV buyers to transfer certain EV tax credits to a qualified dealer in exchange for cash, essentially functioning as a direct rebate.

Transitioning Maryland to a point-of-sale model would help support its environmental and EV goals, while providing enhanced equity for consumers. For the foregoing reasons, MEA urges the committee to issue a **favorable report**.

Our sincere thanks for your consideration of this testimony. For questions or additional information, please contact Landon Fahrig, Legislative Liaison, directly (landon.fahrig@maryland.gov, 410.931.1537).

HB 689 MDE SUP.pdf

Uploaded by: Les Knapp

Position: FAV



The Maryland Department of the Environment
Secretary Serena McIlwain

House Bill 689

Electric Vehicles – Repeal of Excise Tax Credit and Establishment of Rebate Program

Position: Support
Committee: Budget and Taxation
Date: March 26, 2024
From: Jeremy D. Baker

The Maryland Department of the Environment (MDE or the Department) **SUPPORTS** HB 689 as amended. The bill would repeal the existing excise tax credit for purchasing an electric vehicle and replace it with a point-of-sale electric vehicle rebate program for fiscal years 2026 and 2027.

Bill Summary

Maryland currently offers an electric vehicle (EV) excise tax credit, administered through the Maryland Vehicle Administration (MVA), which is provided to the purchaser of a new, qualifying EV after the vehicle is purchased. The tax credit does not provide immediate financial assistance to an EV purchaser. Conversely, establishing a point-of-sale rebate program will lower the upfront cost of purchasing a new EV.

Position Rationale

The creation of a rebate program for the purchasing of EVs is one of the strategies identified in MDE's recently released "*Maryland's Climate Pollution Reduction Plan*" that would help increase the number of EVs operating on Maryland's roadways.

As amended, HB 689 would allow an EV buyer to obtain a point-of-sale rebate on the purchase of a more environmentally friendly vehicle. Along with other initiatives, this would enable the State to obtain its air quality and climate goals of lowering pollution from the transportation sector.

Accordingly, MDE asks for a **FAVORABLE** report for HB 689.

2024 HB698 Testimony.pdf

Uploaded by: J Peter Kitzmiller

Position: FWA



TO: The Honorable Guy Guzzone, Chair B&T
FROM: Peter Kitzmiller and Mike Johansen
DATE: March 25, 2024
RE: Support HB689 with Amendments – EV Rebate

MADA represents 300 franchised New Car and Truck dealers in the State, with 20,000 direct jobs based in Maryland.

MADA supports HB689 with amendments. This bill will create an EV purchase rebate rather than an EV tax credit. This means the customer will receive the benefit of the rebate at the time of sale. This promotes EV car sales, reduces loan amounts, and is a true benefit to consumers. ***However, the bill contains procedures for administration of the rebate which are overly complicated and confusing.***

MADA requests the following changes to the bill:

1. The bill requires MVA to establish a process to ‘reimburse dealers’ – please make sure the language allows MVA to authorize dealers to deduct these amounts from the excise tax payments dealers regularly make to MVA
2. Reduce the \$3,000 rebate to \$1,500. Under the current program and under the current funding amount (\$8.25m annually), the \$3,000 tax credit ran out in February. By reducing the rebate amount, there is a better chance the program will last the entire year.
3. On page 6, strike lines 3 through 8. This is a reference to IRS information that is only required at the federal level related to income eligibility. This is not needed.
4. On page 5, in line 27, strike “AT LEAST A DAILY BASIS” and substitute “AN INTERVAL DETERMINED BY THE ADMINISTRATION”
5. On page 4, strike lines 24 through 27. These provisions limit the rebate to ‘one per individual’. A Dealer will not have knowledge of this limitation at time of sale – it cannot be enforced. And, it does not matter if anyone buys more than one EV and receives more than one rebate.
6. The bill makes clear that the total purchase price subject to the excise tax is not reduced by the rebate amount. This provision should also make clear that the total purchase price is not reduced by the amount of any federal rebate or tax credit applied at time of sale.
7. Finally, if the rebate funds are depleted prior to the end the first year, the MVA should provide purchaser’s who do not receive the rebate with a certificate allowing them to be at the front of the list in the following year. This was how the program worked a few years ago.

MADA requests a favorable with amendments report.

Ext. Comm. - Testimony - 2024 - Maryland HB 689 -

Uploaded by: Joshua Fisher

Position: FWA



March 25, 2024

The Honorable Guy Guzzone
Chair, Senate Budget and Taxation Committee
Annapolis, Maryland 21401

**HB 689: Electric Vehicles – Repeal of Excise Tax Credit and Establishment of Rebate Program
Position: Favorable with Amendments**

Chair Guzzone:

The Alliance for Automotive Innovation¹ (Auto Innovators) appreciates the opportunity to provide the following comments on HB 689. There is much work to be done to significantly increase electric vehicle (EV) adoption in Maryland. Our shared objectives require collaboration and a sustained commitment to fund and execute supportive programs and policies like those contained in HB 689.

Commitment to Net-Zero Carbon Transportation

Auto Innovators and its members are committed to achieving a net-zero carbon transportation future for America's cars and light trucks. The auto industry is investing \$1.2 trillion globally by 2030 to advance vehicle electrification and will increase the number of EV models available from 111 today to around 150 by model year (MY)2026². In August of 2021, Auto Innovators and our members announced support for a goal of achieving 40-50 percent U.S. new light-duty vehicle market share of EVs nationally by 2030, with the right complementary policies in place.

Current State-of-Play

Maryland EVs sales comprised 11% percent of new vehicles sales through the first three quarters of 2023³. The challenge of reaching the California Air Resource Board (CARB) ACC II mandate of 100 percent electric vehicle market share by 2035, requires Maryland to address several hurdles to consumer acceptance.

The ACC II regulations require very aggressive increases in EV sales starting with MY2027 when 43% of all new vehicles delivered to Maryland car dealers will be EVs. That means, in Maryland, EV sales must increase more than four-fold in about two model years. These are staggering required sales increases for a new technology that relies heavily on customer acceptance and market readiness. Based on the average transaction price of EVs, EV buyers are far more likely to be affluent single-family homeowners with modern electric panels just a few feet from their garage where they will charge their EVs. These buyers do not represent a full cross-section of Maryland's new car buyers,

¹ From the manufacturers producing most vehicles sold in the U.S. to autonomous vehicle innovators to equipment suppliers, battery producers and semiconductor makers – Alliance for Automotive Innovation represents the full auto industry, a sector supporting 10 million American jobs and five percent of the economy. Active in Washington, D.C. and all 50 states, the association is committed to a cleaner, safer and smarter personal transportation future.

www.autosinnovate.org.

² [EVs, PHEVs hitting U.S. dealerships through 2026 | Automotive News \(autonews.com\)](https://www.autonews.com)

³ <https://www.autosinnovate.org/posts/papers-reports/get-connected-q3-2023>

and achieving even 30, 70, or 100 percent of the new car market will require reaching buyers of more moderate means. It will also require action well beyond automakers' ability to produce more EVs.

Suggested Amendments

We support moving from an excise tax credit to a point-of-sale rebate which will provide consumers with money at the time of their purchase to lower the total cost of their new vehicle. Instead of the current price cap of \$50,000 for an eligible EV, we recommend using the language from the Inflation Reduction Act (IRA) on vehicle price eligibility (pickup truck, van, or SUV is \$80,000 or less; for all other passenger vehicles, \$55,000 or less).

As the Maryland Department of the Environment's 2023 Climate Pollution Reduction Plan⁴ notes, "EVs are still priced above levels that are affordable for low and moderate income consumers, so state incentives in the near term will help accelerate the adoption of EVs."⁵ The time for these incentives is now while Maryland struggles to increase its EV sales to a point that will make the ACC II requirements remotely achievable.

In its 2023 Annual Report⁶, the Maryland Commission on Climate Change proposed a Clean Vehicle Rebate Program with annual funding of \$300 million. The current annual appropriation of \$8.25 million is obviously not sufficient and may have already expired for the current fiscal year. This will leave consumers and dealers holding the proverbial bag.

Therefore, we recommend extending and fully funding the EV rebate so that consumers and new car dealers can be sure that the rebate is available. Maryland's current EV incentive will expire July 1, 2027. That same year, 51% of all new vehicles delivered to Maryland car and truck dealers will be EVs. Eliminating funding as EV sales requirements dramatically increase could set Maryland consumers and businesses up for disaster.

Incentives must be available for all EV technologies, which are necessary to build a robust market for EVs and provide consumers with the maximum number of electric options. More models mean more consumer choice across all price points, with varied technologies that support the broadest array of customer needs and use cases.

We support fully the state of Maryland's efforts to promote EV adoption through funding for electric vehicle purchase and infrastructure incentives – actions necessary and critical to the state's environmental goals and increasing consumer interest in EVs. However, that requires an increased commitment from Maryland along with the policies to support consumers and businesses through this transition.

⁴<https://mde.maryland.gov/programs/air/ClimateChange/Maryland%20Climate%20Reduction%20Plan/Maryland%27s%20Climate%20Pollution%20Reduction%20Plan%20-%20Final%20-%20Dec%2028%202023.pdf>

⁵ <https://mde.maryland.gov/programs/air/ClimateChange/Pages/index.aspx>

⁶<https://mde.maryland.gov/programs/air/ClimateChange/MCCC/Documents/MCCC%20Annual%20Report%202023/MCCC%20Annual%20Report%202023.pdf>

Thank you for your consideration of our position. For more information, please contact our local representative, Bill Kress, at (410) 375-8548.

Sincerely,

A handwritten signature in black ink that reads "Josh Fisher". The signature is written in a cursive style with a prominent loop at the end of the last name.

Josh Fisher
Senior Director
Alliance for Automotive Innovation.

HB 689 Electric Vehicles – Repeal of Excise Tax Cr

Uploaded by: Mariana Rosales

Position: FWA

Tuesday, March 26, 2024

TO: Guy Guzzone, Chair of the Budget and Taxation Committee, and Committee Members
FROM: Cait Kerr, The Nature Conservancy, State Policy Manager; Mariana Rosales, The Nature Conservancy, Director of Climate
POSITION: Favorable with Amendments HB 689 Electric Vehicles – Repeal of Excise Tax Credit and Establishment of Rebate Program

The Nature Conservancy (TNC) supports with amendments HB 689. HB 689 will replace the state's electric vehicle (EV) excise tax credit program with a rebate program, thereby providing EV purchasing incentives at the point-of-sale. The Maryland Commission on Climate Change's Mitigation Working Group has recommended point-of-sale incentives as the best practice for motivating EV purchases. The Maryland Commission on Climate Change also included recommendations for point-of-sale rebates on EV purchases in the Commission's 2023 annual report.

Beginning this year, the Federal Clean Vehicle Credit can be a point-of-sale rebate so that it can directly reduce the purchase price and benefit households with limited to no tax liability. A rebate program can work in tandem with a sales tax exemption as both apply at the point-of-sale. Combining financing, sales tax exemption, federal tax credit, and sufficient state incentives can address financial barriers to EV purchasing and target affordability.

As a member of the Mitigation Working Group and the Zero Emissions Vehicles Sub Group, TNC provided funding for a study to examine and design program recommendations for accelerating light-duty zero emission vehicle adoption in Maryland. In its findings, this study recognized the importance of extending purchasing incentives to used EVs. Washington state, New Jersey, and Maine offer purchasing incentives for used EVs. The federal government also offers a Federal Clean Vehicle Credit for both new and used EV purchases. Expanding the EV rebate to include used EVs will provide Marylanders with limited financial resources, or other motivations for purchasing a used vehicle, with greater access to clean and affordable transportation. Used EV markets will continue to grow and new vehicles, EV or otherwise, are frequently unaffordable for a large portion of Maryland households. For these reasons, **TNC recommends amending HB 689 to include used EV purchases in the Electric Vehicle Rebate Program.**

TNC respectfully requests an amendment to include used EVs in the rebate program to further increase accessibility and equity for Maryland's EV purchasing incentives.

Therefore, we urge a favorable with amendments report on HB 689.

2024 WANADA HB698 Testimony.pdf

Uploaded by: Michael Johansen

Position: FWA

RIFKIN WEINER LIVINGSTON, LLC

Attorneys At Law

TO: The Honorable Guy Guzzone, Chair B&T
FROM: Mike Johansen
DATE: March 25, 2024
RE: Support HB689 with Amendments – EV Rebate

On behalf of the Washington Area New Auto Dealers Association, I am writing to support HB689 with amendments. This bill will create an EV purchase rebate rather than an EV tax credit. This means the customer will receive the benefit of the rebate at the time of sale. This promotes EV car sales, reduces loan amounts, and is a true benefit to consumers. ***However, the bill contains procedures for administration of the rebate which are overly complicated and confusing.***

WANADA requests the following changes to the bill:

1. The bill requires MVA to establish a process to ‘reimburse dealers’ – please make sure the language allows MVA to authorize dealers to deduct these amounts from the excise tax payments dealers regularly make to MVA
2. Reduce the \$3,000 rebate to \$1,500. Under the current program and under the current funding amount (\$8.25m annually), the \$3,000 tax credit ran out in February. By reducing the rebate amount, there is a better chance the program will last the entire year.
3. On page 6, strike lines 3 through 8. This is a reference to IRS information that is only required at the federal level related to income eligibility. This is not needed.
4. On page 5, in line 27, strike “AT LEAST A DAILY BASIS” and substitute “AN INTERVAL DETERMINED BY THE ADMINISTRATION”
5. On page 4, strike lines 24 through 27. These provisions limit the rebate to ‘one per individual’. A Dealer will not have knowledge of this limitation at time of sale – it cannot be enforced. And, it does not matter if anyone buys more than one EV and receives more than one rebate.
6. The bill makes clear that the total purchase price subject to the excise tax is not reduced by the rebate amount. This provision should also make clear that the total purchase price is not reduced by the amount of any federal rebate or tax credit applied at time of sale.
7. Finally, if the rebate funds are depleted prior to the end the first year, the MVA should provide purchaser’s who do not receive the rebate with a certificate allowing them to be at the front of the list in the following year. This was how the program worked a few years ago.

WANADA requests a favorable with amendments report.

HB0689 - MVA - Electric Vehicles - Repeal of Excis

Uploaded by: Patricia Westervelt

Position: INFO

March 26, 2024

The Honorable Guy Guzzone
Chair, Senate Budget and Taxation Committee
3 West, Miller Senate Office Building
Annapolis MD 21401

RE: Letter of Information – House Bill 689 – Electric Vehicles – Repeal of Excise Tax Credit and Establishment of Rebate Program

Dear Chair Guzzone and Committee Members:

The Maryland Department of Transportation (MDOT) offers the following information on House Bill 689 for the Committee’s consideration.

As amended, House Bill 689 seeks to repeal the Maryland zero-emission plug-in electric drive vehicle (ZEV) and fuel cell electric vehicle (FCEV) excise tax refund program and replace it with a Z/FCEV rebate program. The rebate program would require the dealership selling a vehicle to provide the state rebate at the point of sale and submit an application for the down payment applied on the purchase to the MDOT Motor Vehicle Administration (MVA).

To meet greenhouse gas reduction goals and respond to climate change mandates, the State has instituted a goal of 1.1 million Z/FCEVs on the road by 2030. The motor vehicle excise tax credit has been an effective incentive to promote the adoption of Z/FCEVs. Since the beginning of Fiscal Year 2021, Maryland has seen an increase of 260% in the number of Z/FCEV s registered in the State. With over 95,000 Z/FCEVs registered, Z/FCEVs now make up nearly 2% of all vehicles registered.

As amended, House Bill 689 would no longer require the verification of income thresholds for qualifying rebate recipients. This removes a substantial logistical hurdle as the MVA currently does not have access to information that would verify a customer’s income. Additionally, the income caps in the bill as introduced would have required continuous monitoring of future income and the recapture of funds should an individual’s income exceed certain thresholds. Subsequent monitoring of income and eventual recapture of funds by the state would have posed significant implementation challenges. The federal program was amended in 2024 to add the option to self-certify income, but since the IRS manages the program and has the data, if the individual is not qualified, the IRS would collect any money owed from the individual’s taxes. The federal program also does not have a subsequent monitoring requirement.

The Honorable Guy Guzzone
Page Two

The bill also requires a dealer to be reimbursed as expeditiously as practicable. Currently, all dealers have up to 30 days to submit finalized paperwork and funds to the Administration. Once this information is transmitted, the MVA could initiate the refund to be remitted to the dealer. The payments come from the State Treasurer's Office and are usually issued in a four-to-six-week timeframe. At this time, it is not known if the refund payment could be accelerated.

Finally, to meet the requirements of House Bill 689 as amended, MVA will need to implement various programming changes; these changes would include the creation of a new eServices process to allow dealers to submit reimbursement requests for rebates issued, the ability to track real-time availability of funds, and the ability to bill a customer if a rebate was issued in error.

Implementing House Bill 689 will require coordination between multiple state agencies as well as the dealership community and the MVA stands ready to work with these partners to advance the policy goals of accelerating the adoption of Z/FCEVs.

For these reasons, the Maryland Department of Transportation respectfully requests that the Committee consider this information when deliberating House Bill 689.

Respectfully submitted,

Christine E. Nizer
Administrator
Maryland Motor Vehicle Administration
410-787-7830

Pilar Helm
Director of Government Affairs
Maryland Department of Transportation
410-865-1090