

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.