



SUPPORT SB 1063

TO: Educational, Energy, and Environmental Committee

FROM: Peter Kitzmiller, President, Maryland Automobile Dealers Association

RE: SB1063 Environment – Advanced Clean Car II Program, Application & Environment

Position: Favorable

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

Associations' Position on EV's:

- (a) Assertion that dealers do not want to sell EVs is **Incorrect**
- Maryland dealers will spend over \$100 Million on EV infrastructure (chargers/equipment/training) in 2023/2024
- (b) There is no going back for Manufacturers and Dealers - too much money Invested – we will be selling EVs and PHEVs now and in the future
- (c) The Association is not asking Maryland to get out of Clean Cars II however, there are a number of issues that if not addressed will cause significant harm to Maryland dealers, our employees and customers – and will not result in more EV Sales

Model Year 2027 Sales Mandate: 43% of vehicles shipped by each Manufacturer to Maryland dealers must be EVs

- (a) If 2027 is a normal sales year we will need to sell 100,000 new EVs in MY 2027 (currently 90,000 EVs registered in Maryland after 10 years of sales)

(b) Questions Can Manufacturers produce 100,000 EV's for Maryland while maintaining EV supply to California and a dozen other ACC II states?

Is there consumer demand for 100,000 EV's? If not, will the State expand the number of and value of financial incentives?

Can Maryland's electrical infrastructure charge/accommodate this number of EVs by 2027?

Cross Border Sales Issue: The ACC II standard does not require "Titling/Registration" in MD

- This is a critical issue for Maryland dealers – NO Maryland dealer is more than 50 miles from a border
- Manufacturers have limited options to meet the 43% Sales Mandate in year 2027
 - Buy credits using corporate cash or pre-sell EVs into MD in the years leading up to MY27
 - Miss the 43% target and pay a fine to MDE (they are not going to do this)
 - ***Limit the amount of inventory they ship to Maryland dealers***

Example:

- A Maryland dealer normally gets 1,000 new vehicles a year from its manufacturer
- In 2027 the manufacturer would need to ship 430 EVs to the Maryland dealer
- If the manufacturer does not have sufficient EVs to supply California and the other ACC II states at that percentage, the only practical option is to reduce the 1,000 vehicles normally shipped to a Maryland dealer to 600 where they in turn meet the 43% mandate
- Reduction in inventory will be catastrophic to Maryland dealers and their employees; and this impacts used car sales also as the Md dealer will not receive as many trade-in vehicles

(c) Unintended Consequence: Maryland residents will go to bordering states, purchase ICE cars, register them in MD and causing economic disruption to Md's auto sales economy

- But, No additional EVs will be put on Maryland roads under this scenario
- Some manufacturers are already limiting what types of vehicles Maryland dealers can order (eg, Stellantis)
- State of Maryland Climate-report
Talks about the cross border issue and their concerns about “Sales Leakage”

V Electric Infrastructure

- Our customers need to be convinced that the Maryland electric infrastructure can support their decision to purchase an EV
- Consumers will not purchase an EV unless they can charge it at home
- 50% of our customers live in multi-family housing. We need to address how to charge their vehicles
- Some dealers who are putting in charging infrastructure in order to sell EV's are experiencing delays because the capacity of local grid cannot accommodate the additional power that is needed

VI Vehicle Cost

- Maryland's current EV tax credit fund of \$8.25 million is inadequate to push the sales of EV's
- The Maryland Climate Change Commission recently recommended that Maryland spend \$300 million per year on EV incentives to meet the Clean Cars II Sales Mandate

VII Solutions

- (a) Reduce or eliminate the penalties
- (b) Delay the implementation date to 2030 in order for the charging infrastructure to be built out

Marylanders Shopping in Other States

- | | |
|---------------------------------------|------------|
| 1. Rockville to Jeep Waynesboro PA | 1 hour |
| 2. Bethesda to Jeep Waynesboro PA | 1.25 hours |
| 3. Gaithersburg to Jeep Waynesboro PA | 1 hour |
| 4. Bowie to Jeep Waynesboro PA | 1.5 hours |
| 5. College Park to York Toyota | 1.5 hours |
| 6. Towson to York Toyota | 50 min |
| 7. Glen Burnie to York Toyota | 1.25 hours |
| 8. Frederick to Guys GMC WVA | 40 mins |

Californians Shopping in Other States

- | | |
|------------------------------|------------|
| 1. Los Angeles to Pahrump NV | 4.25 hours |
| 2. San Diego to Phoenix AZ | 5.0 hours |
| 3. San Francisco to Reno NV | 4.25 hours |
| 4. Sacramento to Reno NV | 3.25 hours |

California vs. Maryland

1. California has 7x more light duty passenger vehicles than Maryland
2. California has 20x more DC faster chargers than Maryland
3. California has 40x more public chargers than Maryland
4. California budget for EV incentives and infrastructure is 60x more than Maryland

[PBS](#)

<https://www.pbs.org/newshour/show/why-major-car...>

Why major car manufacturers are slowing production of ...

Web Jan 30, 2024 · Shoshana Dubnow. Last year was a record for **electric** vehicles in the U.S., with more than 1.2 million sold. That was 50 percent higher than in 2022, yet there are ...

[New York Times](#)

<https://www.nytimes.com/2023/11/07/business/energy...>

Automakers Delay Electric Vehicle Spending as Demand Slows

Web Nov. 7, 2023. Normally a 50 percent increase in sales is considered very good. But when the number of **electric** vehicles sold in the United States grew that much during the third ...

[The Washington Post](#)

<https://www.washingtonpost.com/business/2023/12/26/ev-demand-slows>

EV transition cools as demand slows and automakers trim ...

Web Dec 26, 2023 · In recent weeks, Ford told its **suppliers** that it is halving its 2024 **production** plan for the **electric** F-150 Lightning pickup, to about 1,600 a week, **Automotive News** ...

[CNN](#)

<https://www.cnn.com/2024/02/25/cars/what-happened...>

How EVs became such a massive disappointment | CNN

Business

Web Feb 25, 2024 · Tesla's slashing prices. Ford just cut the price of its Mustang Mach-E, too, plus it cut back **production** of its **electric** pickup. And General Motors is thinking about ...

[New York Times](#)

<https://www.nytimes.com/2023/12/12/business/ford-f150-lightning-ev.html>

Ford Will Cut Planned Electric F-150 Production as Demand Slows

Web Dec 12, 2023 · Sylvia Jarrus for The New York Times. By Neal E. Boudette. Dec. 12, 2023. Slower-than-expected growth in sales of **electric** vehicles has forced several automakers ...

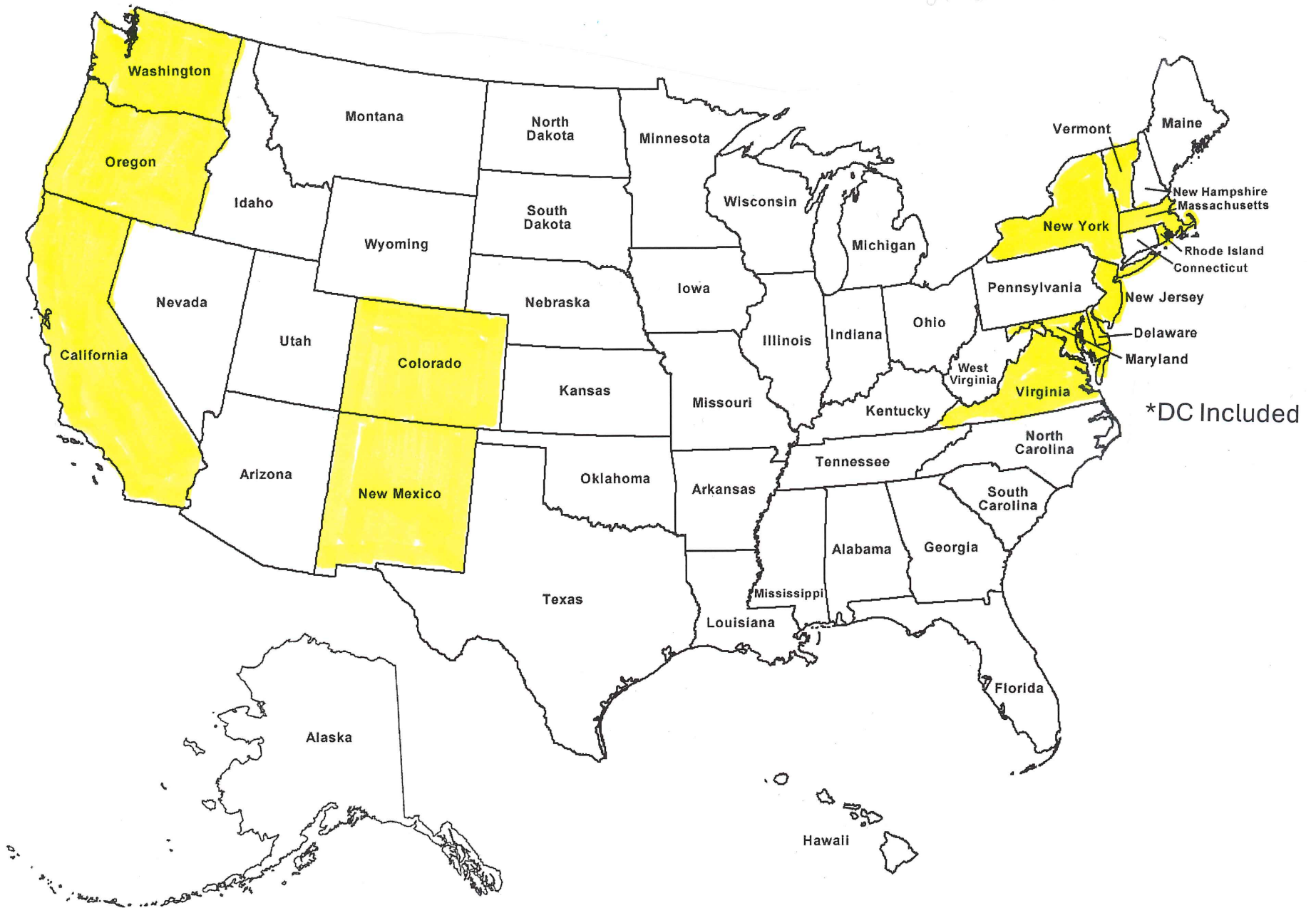
[Reuters](#)

<https://www.reuters.com/business/autos...>

Mercedes-Benz delays electrification goal, beefs up combustion ...

Web Feb 22, 2024 · Mercedes-Benz on Thursday **delayed** its electrification goal by five years and assured investors it would keep sprucing up its combustion **engine** models, becoming the

CALIFORNIA – ADVANCED CLEAN CAR II RULE (Begins MY26 or MY27)



**TESTIMONY OF SAM WEAVER – CHEVY CHASE AUTOMOTIVE
SUPPORT FOR SB1063**

Good afternoon, Mr. Chairman and members of the committee. My name is Sam Weaver, and I am Vice President and Partner at Chevy Chase Automotive in Downtown Bethesda. Our dealership has been providing transportation solutions for our clients for more than 85 years now.

I would like to start by saying I am very excited about representing EV's in our market. We are in the transportation business regardless of its propulsion.

Our single-point dealership is well underway creating our charging infrastructure which will exceed more than \$500k in expense with an additional \$150k to be spent on special tools and safety infrastructure. This clearly indicates we are looking forward to the EV business.

I am of the opinion, and many would agree, the EV's are coming at a revolutionary pace, but the charging infrastructure is coming at an evolutionary pace. And it's this infrastructure concern that will thwart the widespread adoption of these incredible vehicles. Actually, there is a 100-unit apartment building planned directly across the street from my service operation and it is planned with zero parking. A significant portion of our client base lives in this type of high rise or multifamily housing where charging is difficult or even impossible.

We are in the epicenter of the EV market in Bethesda-Chevy Chase. That I am very excited about. And our manufacturer has indicated they will comply with the 43% delivery mandate. But it is unlikely that my manufacturer along with many others will have the manufacturing or battery capacity to ship that many EV's to Maryland. **The only option a manufacturer has to achieve compliance is to ship less vehicles to meet the delivery mandate.** For model year 2025 my manufacturer has told me I am getting 105 EV's for the year. If the mandate were in place for the 2025 model year, it would mean they would be shipping me 244 vehicles to comply. They normally ship me 1,000. I think you would agree this type of reduction would be devastating to any business.

I personally would not go out of state to buy my groceries, household goods or clothing. But would definitely go out of state to buy a high-ticket item like a new vehicle where I only make a purchase every 3-5 years. This mandate will force manufacturers to create inventory imbalances among dealerships and states making consumers do exactly that.

EV's are here to stay and that is a great thing. And we should do everything we can to put as many EV's on the road as soon as we can. My concerns are for my business which not only affects my 130 employees, but the 325 family members that depend on my employees' livelihoods. That is a very real and worrisome concern.

In closing, I would like to remind everyone when the automobile was first introduced, the horse was not outlawed. Dealers all across our great state are spending millions to prepare for this revolution in the automobile industry and are positioned for this great tomorrow. As a reminder, this is a delivery mandate not a purchase mandate, in the end, it's the consumer deciding not the manufacturers, dealers or government. Let's not outlaw the horse. Thank you for allowing me to testify in favor of Senate Bill 1063.

For more information: Sam Weaver – weaver@chevychasecars.com 240.395.4200