



**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 with Amendments  
**Committee:** Environment and Transportation  
**Date:** February 15, 2024  
**From:** Jeremy D. Baker

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The Maryland Department of the Environment (MDE or the Department) **SUPPORTS HB 689 WITH AMENDMENTS**. 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. 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.

**Position Rationale**

Overall, the Department supports the proposed bill. However, the Department has several amendments to offer that would improve the bill's overall effectiveness. First, linking the ability of an auto dealer to provide a rebate to the manufacturer's compliance with applicable state and federal laws or regulations related to clean fuel vehicle or EV purchases penalizes the dealer, and ultimately the buyer, for something that is entirely out of their knowledge and control. Auto dealers are unaware of a manufacturer's compliance status and the state and federal regulators usually determine compliance well after the applicable time frame stated in the bill. Complicating things further, a dealer may sell vehicles from several different manufacturers. State and federal regulations have associated incentives and penalties to ensure that manufacturers comply with the regulations. The availability of a buyer incentive offered through the dealer should not be linked to manufacturer compliance. MDE's first amendment removes this linkage.

Second, MDE is offering an amendment to align the Maryland incentive with the Federal Clean Vehicle Credit purchase price caps. This alignment would help people buy EV vans, SUVs, and trucks, which would reduce emissions more than limiting incentives to cars and make it easier for consumers to understand that if they qualify for the federal incentive, then they qualify for the state incentive. This amendment aligns with a recommendation from the Maryland Commission on Climate Change.

Finally, MDE is offering two amendments that would extend the EV rebate to nonprofit entities and provide a \$1,000 rebate to purchasers of used EVs.

With these amendments, HB 689 would allow an EV buyer to obtain a point-of-sale rebate on the purchase of a more environmentally friendly vehicle, align the bill with federal price caps, extend the rebate to nonprofit entities, and provide an incentive for the purchase of used EVs. 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 urges a **FAVORABLE WITH AMENDMENTS** report for HB 689.

### **Bill Amendments**

On page 3, in line 22 strike “**NOT EXCEEDING \$50,000**” and substitute, “**THAT QUALIFIES THE VEHICLE FOR THE FEDERAL CLEAN VEHICLE CREDIT**”; in line 25, after “(V)” insert “**1.**”; and in line 26, after the semicolon, insert “**OR;**”

**2. IS PURCHASED USED AND TITLED ON OR AFTER JULY 1, 2025, BUT BEFORE JULY 1, 2027;**”.

On page 4, in line 5 strike “**NOT EXCEEDING \$50,000**” and substitute, “**THAT QUALIFIES THE VEHICLE FOR THE FEDERAL CLEAN VEHICLE CREDIT**”;

in line 7, after “(IV)” insert “**1.**”; in line 8, after “2027”, insert “**; OR;**”

**2. IS PURCHASED USED AND TITLED ON OR AFTER JULY 1, 2025, BUT BEFORE JULY 1, 2027;**”;

in line 15, after “(1)” insert “**(I)**”; after line 16, insert:

**“(II) \$1,000 FOR EACH USED ZERO-EMISSION PLUG-IN ELECTRIC DRIVE VEHICLE OR FUEL CELL VEHICLE PURCHASED; OR”;**

in line 24 after “**BUSINESS ENTITY**” insert “**OR NONPROFIT ENTITY**”; in line 25, after “(G)” insert “**(1)**”; and in the same line, after “**REBATE**” insert “**FOR A NEW VEHICLE**”.

On page 5, in lines 1, 2, and 3, strike “(1)”, “(2)”, and “(3)”, respectively, and substitute “(I)”, “(II)”, and “(III)”, respectively; after line 4, insert:

**“(2) A BUYER WHO IS AN INDIVIDUAL MAY RECEIVE A REBATE FOR A USED VEHICLE UNDER THIS SECTION ONLY IF THE BUYER’S FEDERAL MODIFIED ADJUSTED GROSS INCOME IN THE YEAR IN WHICH THE BUYER TAKES DELIVERY OF THE VEHICLE OR THE YEAR BEFORE THE BUYER TAKES DELIVERY OF THE VEHICLE DOES NOT EXCEED:**

**(I) \$150,000 IF MARRIED FILING JOINTLY;**

**(II) \$112,500 IF A HEAD OF HOUSEHOLD; OR**

**(III) \$75,000 IF THE BUYER HAS ANY OTHER FEDERAL INCOME TAX FILING STATUS.”;**

strike beginning with the colon in line 5 down through “FOR” in line 6 and substitute “**FOR**”; and strike beginning with the semicolon in line 7 down through “**TITLED**” in line 11.