

HB689 - Electric Vehicles – Repeal of Excise Tax C

Uploaded by: Abigail Snyder

Position: FAV

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 Baltimore District

Written Testimony
House Bill 689 - Electric Vehicles – Repeal of Excise Tax Credit and
Establishment of Rebate Program
Environment and Transportation Committee – February 15, 2024
Support

Background: House Bill 689 would repeal the current electric vehicle tax credit and establish the Electric Vehicle Rebate Program; set certain maximum income requirements for an individual to receive an electric vehicle rebate; require the Motor Vehicle Administration to create a website to administer the rebate program; require a participating dealer to provide a rebate to an eligible buyer at the time the buyer purchases an eligible vehicle; and require the Administration to reimburse a dealer for rebates provided by the dealer.

Written Comments: The Jewish concept of *tikkun olam* means to repair the world in which we live. As the advocacy arm of The Associated: Jewish Federation of Baltimore, we represent organizations that work to educate the community on sustainability and make strides towards repairing the world.

For many individuals, the thought of switching to an electric vehicle can be daunting. Aside from the obvious lifestyle change of “plugging in” rather than “gassing up,” the price tag can be a strong deterrent. The current practice of tax incentives for buyers can seem appealing, but they take time to file, process, and eventually receive. By eliminating current practice and replacing this system with a rebate program, Maryland would allow electric vehicles to become more accessible to buyers. A rebate program that is run directly through the dealership at the time of purchase will allow buyers to feel immediate financial relief. Even better, dealers will easily obtain reimbursement for the rebate through the Comptroller’s Office.

Of course, this will only be available to buyers that financially qualify, and if it is later determined by the Comptroller’s Office that a buyer was not eligible, they will be billed accordingly. Providing these checks and balances will allow for the program to be administered efficiently.

The more electric vehicles we can get on the road, the less carbon emissions we’ll be forced to breathe in each day. By increasing the accessibility of purchasing an electric vehicle, we are taking a step toward repairing the world.

For these reasons, the Baltimore Jewish Council asks for a favorable report on HB689.

The Baltimore Jewish Council, a coalition of central Maryland Jewish organizations and congregations, advocates at all levels of government, on a variety of social welfare, economic and religious concerns, to protect and promote the interests of The Associated Jewish Community Federation of Baltimore, its agencies and the Greater Baltimore Jewish community.

DFH EV POS Testimony LH.pdf

Uploaded by: David Fraser-Hidalgo

Position: FAV

DAVID FRASER-HIDALGO
Legislative District 15
Montgomery County

Environment and Transportation Committee

Chair
Motor Vehicle and Transportation
Subcommittee



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THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

Delegate Marc A. Korman
Chairman, House Environment and Transportation Committee
House Office Building – Room 251
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. Additionally, this bill will prioritize outreach regarding the rebate program to individuals of low and moderate income who consume large amounts of gasoline and diesel fuel.

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

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>.

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

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.

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>.

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 - 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: February 13, 2024

SPONSOR: Delegate Fraser-Hidalgo

ASSIGNED TO: Environment and Transportation 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 by income-qualified individuals and businesses. 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 Environment and Transportation Committee give this bill a favorable report.

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Uploaded by: Kristen Harbeson

Position: FAV



Kim Coble
Executive Director

February 13, 2024

2024 Board of
Directors

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

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

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 especially thankful for the inclusion of language prioritizing outreach to low and moderate-income superusers, or persons who use more than 1,000 gallons of fuel per year. Switching [Maryland superusers](#) to electric vehicles will yield significant climate benefits, reducing transportation carbon emissions by 10.7%. Additionally, EV adoption offers equity benefits, saving low/mid-income superuser families an average of \$345 monthly on fuel costs.

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 (2).pdf

Uploaded by: Landon Fahrig

Position: FAV



Maryland

Energy Administration

TO: Chair Korman, Vice Chair Boyce, and Members of the Environment and Transportation Committee

FROM: MEA

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

DATE: February 15, 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).

HB689_MDSierraClub_Fav15Feb2024 .docx (1).pdf

Uploaded by: Lindsey Mendelson

Position: FAV



P.O. Box 278
Riverdale, MD 20738

Committee: Environment and Transportation

Testimony on: HB689 Electric Vehicles – Repeal of Excise Tax Credit and Establishment of Rebate Program

Position: Support

Hearing Date: February 15, 2024

The Maryland Chapter of the Sierra Club supports HB 689. This bill would replace the current tax credit program for electric vehicles with a point-of-sale rebate in Fiscal Years 2026 and 2027. The bill also indicates that the administration should prioritize outreach to people that consume large amounts of gasoline, especially low- and moderate-income individuals who use more than 1,000 gallons of gasoline or diesel fuel.

Changing the tax credit program to a rebate program is a better incentive for individuals, and especially low- and moderate-income buyers, to purchase an electric vehicle because the rebate would reduce the purchase price up front. We also encourage the Committee to explore extending the rebate to the purchase of used EVs. Used EVs are now entering the market as vehicle leases expire and rental car fleets are upgraded. This provides the opportunity for buyers who cannot afford the cost of a new EV to purchase a used EV. Providing incentives for used EVs can help make electric vehicles more accessible to lower-income consumers who are also more likely to live in communities that experience higher air pollution.

The transportation sector accounted for 35% of Maryland's greenhouse gas emissions in 2020, with most emissions (82%) in this sector coming from on-road vehicles powered by gasoline or diesel. Therefore, it is imperative that we fund programs to encourage residents to transition toward utilizing clean modes of transportation. The Maryland Department of Transportation's 2024 Annual Attainment Report on Transportation System Performance included a goal of 1.1 million electric vehicles being registered in Maryland by 2030. New vehicles purchased from the rebate program would support this goal and the electric vehicle sales requirements of the Advanced Clean Cars II program that are needed to meet our climate targets.

HB 689 makes an important contribution in encouraging and supporting Maryland residents with all levels of resources who want to move away from using gasoline-powered cars for their transportation needs. We urge the Committee to provide a favorable report.

Lindsey Mendelson
Transportation Representative
Lindsey.mendelson@mdsierra.org

Josh Tulkin
Chapter Director
Josh.Tulkin@MDSierra.org

Karen Douglas
Transportation Committee Member
douglasdouglas@verizon.net

Founded in 1892, the Sierra Club is America's oldest and largest grassroots environmental organization. The Maryland Chapter has over 70,000 members and supporters, and the Sierra Club nationwide has over 800,000 members and nearly four million supporters.

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Uploaded by: Mark Czajka

Position: FAV

Subject: HB 689 – SUPPORT

February 13, 2024

Environment and Transportation Committee
Room 251
House Office Building
Annapolis, Maryland 21401

Dear Honorable Chair Marc Korman and Members of the Committee:

My name is Mark Czajka and I'm a resident of Charles County and the Director of MD Volt Inc., a Maryland EV club. I **SUPPORT** House Bill 689 (Electric Vehicles – Repeal of Excise Tax Credit and Establishment of Rebate Program). These are my personal views on HB 689:

- The federal credit is now a point-of-sale rebate for new and used vehicles, so Maryland's should be the same to make the purchase process easier for buyers.
- This could potentially boost sales of EVs to meet state goals.

If you have any questions, please feel free to contact me at mark@mdvolt.org.

Sincerely,



Mark Czajka
Waldorf, MD 20603

Wilson HB 689 FAV.pdf

Uploaded by: Scott Wilson

Position: FAV

Testimony to the House Environment and Transportation Committee
HB 689 Electric Vehicles - Repeal of Excise Tax Credit and Establishment of Rebate Program

Position: Favorable

11 February 2024

The Honorable Marc Korman, Chair
Room 251, House Office Building, Annapolis, MD 21401

Honorable Chair Korman and Members of the House Environment and Transportation Committee:

My name is Scott Wilson, and I currently drive a 2017 Chevy Bolt EV and a 2013 Nissan Leaf. I serve on the Maryland Zero Emission Electric Vehicle Infrastructure Council, and I'm also Vice President of the Electric Vehicle Association of Greater Washington DC. I recommend the passage of HB 689 for the following reasons.

This legislation has been needed for a long time. EV incentives in Maryland have always relied on an awkward mechanism of getting a payment from the state for an amount reimbursing a large part of the 6% excise paid at the time of purchase. Fortunately, the current federal EV incentives are now point-of-sale rebates, thus the buyer can take immediate advantage of them when negotiating an EV purchase. How wonderful it would be if the buyer could combine *both* federal *and* state incentives into the point-of-sale rebate. Doing so would open up what I call the "EV Opportunity" to many, many more Marylanders.

The dealer reporting requirements would not be burdensome, since they would mirror what dealers are already doing at the time of purchase, namely logging EV purchases into an IRS database, which issues rebates within 48 hours. The Comptroller could either create its own database, or possibly pull data directly from the IRS database.

The bill also prioritizes outreach to persons using more than 1000 gallons of fuel per year. These are what has come to be known as "Gasoline Superusers". Studies have shown that the top 10% of drivers burn 35% of all gasoline. If we can target them, we can get much more carbon reduction for our incentive dollar.

Please give favorable consideration to HB 689.

Thank you for your time,

Scott Wilson

HB 689 Electric Vehicles – Repeal of Excise Tax Cr

Uploaded by: Cait Kerr

Position: FWA

Thursday, February 15, 2024

TO: Marc Korman, Chair of the House Environment and Transportation 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 offered by Delegate Fraser-Hidalgo. 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 commends Delegate Fraser-Hidalgo on introducing this bill, and 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.

Maryland HB 689 - EV Rebates.pdf

Uploaded by: Joshua Fisher

Position: FWA



February 13, 2024

The Honorable Marc Korman
Chair, House Environment and Transportation Committee
Room 251, House Office Building
Annapolis, Maryland 21401

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

Dear Chair Korman:

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

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>

charge their EVs. These buyers do not represent a full cross-section of Maryland's new car buyers, 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. As HB 689 borrows the consumer income level eligibility language from the Inflation Reduction Act (IRA) on EV rebates, we recommend using the language from the IRA on vehicle price eligibility as well (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 will expire in a short period of time. 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 providing 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 MDE SWA.pdf

Uploaded by: Les Knapp

Position: FWA



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

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.

HB689_MTBMA_UNFAV.pdf

Uploaded by: Michael Sakata

Position: UNF



February 15, 2024

Delegate Marc Korman, Chair
House Environment and Transportation Committee
Room 251, House Office Building
Annapolis, MD 21401

RE: HB 689 – UNFAVORABLE – Electric Vehicles – Repeal of Excise Tax Credit and Establishment of Rebate Program

Dear Chair Korman and Members of the Committee:

The Maryland Transportation Builders and Materials Association (“MTBMA”) has been and continues to serve as the voice for Maryland’s construction transportation industry since 1932. Our association is comprised of 200 members. MTBMA encourages, develops, and protects the prestige of Maryland's transportation construction and materials industry by establishing and maintaining respected relationships with federal, state, and local public officials. We proactively work with regulatory agencies and governing bodies to represent the interests of the transportation industry and advocate for adequate state and federal funding for Maryland’s multimodal transportation system.

House Bill 689 repeals the electric vehicle excise tax credit and establishes the Electric Vehicle Rebate Program. This bill provides rebates to individuals meeting income requirements when purchasing EVs and is administered through the Motor Vehicle Administration.

MTBMA opposes this legislation because it sets a precedent of giving preferential treatment to EVs over gas-combustion vehicles. While MTBMA recognizes the importance of promoting sustainable transportation options, it is also important to consider the practical implications of doing so, particularly regarding roads and infrastructure. EVs have a substantially heavier weight than gas-combustion vehicles, exerting greater wear and tear on our roads and bridges, which necessitates more frequent maintenance. These impacts will place a strain on our transportation systems without addressing the issue of EV users not paying their fair share in taxes. While encouraging sustainability is important, it must be done in a manner that ensures fairness for all road users.

We appreciate you taking the time to consider our request for an **UNFAVORABLE** report on House Bill 689.

Thank you,

Michael Sakata
President and CEO
Maryland Transportation Builders and Materials Association

HB689_MAA_UNFAV.pdf

Uploaded by: Rachel Clark

Position: UNF

CHAIRMAN:
Jeff Graf
VICE CHAIRMAN
David Slaughter

MARYLAND ASPHALT ASSOCIATION



TREASURER:
Paul Bramble
SECRETARY:
Curtis Hall
PRESIDENT:
Tim Smith

February 15, 2024

Delegate Marc Korman, Chair
House Environment and Transportation Committee
Room 251, House Office Building
Annapolis, MD 21401

RE: HB 689 – UNFAVORABLE – Electric Vehicles – Repeal of Excise Tax Credit and Establishment of Rebate Program

Dear Chair Korman and Members of the Committee:

The Maryland Asphalt Association (MAA) is comprised of 19 producer members representing more than 48 production facilities, 25 contractor members, 25 consulting engineer firms and 41 other associate members. MAA works proactively with regulatory agencies to represent the interests of the asphalt industry both in the writing and interpretation of state and federal regulations that may affect our members. We also advocate for adequate state and federal funding for Maryland's multimodal transportation system.

House Bill 689 repeals the electric vehicle excise tax credit and establishes the Electric Vehicle Rebate Program. This bill provides rebates to individuals meeting income requirements when purchasing EVs and is administered through the Motor Vehicle Administration.

MAA opposes this legislation because it sets a precedent of giving preferential treatment to EVs over gas-combustion vehicles. While MAA recognizes the importance of promoting sustainable transportation options, it is also important to consider the practical implications of doing so, particularly regarding roads and infrastructure. EVs have a substantially heavier weight than gas-combustion vehicles, exerting greater wear and tear on our roads and bridges, which necessitates more frequent maintenance. These impacts will place a strain on our transportation systems without addressing the issue of EV users not paying their fair share in taxes. While encouraging sustainability is important, it must be done in a manner that ensures fairness for all road users.

We appreciate you taking the time to consider our request for an **UNFAVORABLE** report on House Bill 689.

Sincerely,

Tim E. Smith, P.E.
President
Maryland Asphalt Association

HB0689 - MVA - Electric Vehicles Repeal of Excise

Uploaded by: Patricia Westervelt

Position: INFO

February 15, 2024

The Honorable Marc Korman
Chair, House Environment and Transportation Committee
251 House 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 Korman and Committee Members:

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

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). House Bill 689 would also limit eligibility for customers below certain income thresholds, which requires the Maryland Comptroller to share certain tax information of Z/FCEV purchasers with the MVA to enforce rebate program qualification requirements and submit violations of those requirements to the Central Collections Unit (CCU) for uncollected rebate monies when a customer was determined to have received a rebate in error. Finally, House Bill 689 also requires the MVA to conduct targeted outreach regarding the benefits of the rebate program to low- and middle-income Marylanders who use more than 1,000 gallons of gasoline or diesel fuel in a year.

To meet greenhouse gas reduction goals and respond to climate change mandates, the State has 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/FCEVs registered in the State. With over 95,000 Z/FCEVs registered, Z/FCEVs now make up nearly 2% of all vehicles registered.

While the provisions of the rebate program would align with the federal consumer tax credit enacted through the Inflation Reduction Act (IRA), helping to drive growth in Z/FCEV sales, House Bill 689 poses several logistical obstacles at the state level that differ from the IRA’s capacities at the federal level.

Among House Bill 689’s requirements is the verification of income thresholds for qualifying rebate recipients. The MVA currently does not have access to information about a customer’s income. Implementation of this portion of the bill would require the creation of a process to allow access to a customer’s tax information which could pose legal hurdles for the MVA to obtain this protected tax data.

Additionally, the bill as drafted may require continuing 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 poses significant implementation challenges. The federal program was amended in 2024 to add the option to self-certify income, however, the Internal Revenue Service (IRS) manages this program and has the required data readily available. If the individual is not qualified, the IRS will collect any money owed from the individual's taxes. The federal program does not have a subsequent monitoring requirement.

House Bill 689 also requires a dealer to be reimbursed as expeditiously as practicable. Currently by statute, all dealers have up to 30 days to submit finalized paperwork and funds to the MVA. Once this information is transmitted, the MVA can initiate the refund to be remitted to the dealer. However, 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.

Additionally, the legislation has specific outreach requirements the MVA must undertake to educate the public about the rebate program based on gas consumption. However, the MVA does not have access to individual gas consumption records. As a result, the MVA would not be able to conduct outreach in the specified manner required under House Bill 689. Rather, only a generalized outreach campaign could be conducted, and currently no funding is identified by which the MVA may conduct such outreach.

Finally, substantial new programming changes would be required by the MVA to its systems to implement House Bill 689's requirements. These 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. The MVA estimates the programming effort would take a minimum of 240 hours. Implementation of this bill would require coordination between multiple state agencies as well as the dealership community. The MVA stands ready to work with these partners to advance the policy goals of accelerating the adoption of ZEVs.

The Maryland Department of Transportation respectfully requests 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