

V O L V O

TO: The Honorable Marc Korman, Chair
Members, House Environment & Transportation Committee
Speaker Pro Tem Dana Stein

FROM: Richard A. Tabuteau

DATE: March 12, 2025

RE: **LETTER OF INFORMATION** – House Bill 1556 – *Environment - Advanced Clean Cars II Program and Advanced Clean Trucks Regulation - Application and Enforcement*

In accord with the Clean Truck Partnership signed in mid-2023 between California's Air Resources Board (CARB) and vehicle manufacturers, including Volvo Group North America, Volvo Group is required to take a neutral position on House Bill 1556 and, therefore, submits this Letter of Information.

In Maryland, Volvo Group North America's Hagerstown Powertrain Production facility employs nearly 2,000 people including over 1,400 members of the UAW Locals 171 and 1247 and is the last major automotive manufacturer in the state. The plant develops, manufactures, and tests heavy-duty powertrains, transmissions and axles for its Mack and Volvo trucks as well as Prevost and Volvo buses at its 280-acre campus. Volvo Group also employs more than 60 people at one of its U.S. parts distribution facilities in Elkridge.

Volvo and Mack Trucks are the North American industry leaders in Zero-Emission (ZE) Class 8 truck sales. In 2020, the Volvo Group announced its ambition to having 100% of its product sales being fossil free by 2040, including a nearer term goal of 35% of product sales being zero-emission by 2030. The Hagerstown plant plays a key role in this transition through the manufacturing of all modular power boxes for the Volvo VNR electric and Mack LR electric Class 8 trucks. Mack Trucks also sells an electric refuse truck.

House Bill 1556 prohibits the Maryland Department of the Environment from applying enforcement of penalty provisions under the Advanced Clean Truck regulations (ACT) for model years 2027 and 2028. The intention conveyed by this legislation is to provide additional relief to truck manufacturers who might be unable to achieve the required sales percentages in those years.

In 2023, Volvo Group testified favorably with amendments on the Clean Trucks Act of 2023, but raised numerous concerns about the lack of a sufficient supporting ecosystem in Maryland needed to implement the ACT. The law, among other things, required the Maryland Department of Environment (MDE) to update existing regulations and incorporate by reference

CARB's ACT regulations to take effect in the 2027 model year. MDE, in consultation with several other agencies, could delay implementation of the regulations by one or more model years if, through a needs assessment and deployment plan, it determines, based on criteria such as 1) energy infrastructure, 2) number of medium- and heavy-duty truck charging stations, 3) purchase incentives, and 4) timeline and feasibility for transitioning the State truck fleet to zero emission, that implementation of the regulations is not yet feasible. The plan was due to the General Assembly on December 1, 2024, and to this date has yet to be completed.

Now two years later, Volvo Group maintains its same concerns of an insufficient supporting ecosystem in Maryland. In fact, these concerns have grown in recent months in light of the uncertain future of funding in support of this transition that had been awarded by the federal government.

The California Air Resources Board has approved a series of amendments to the ACT regulation, which are soon expected to be approved by the California Office of Administrative Law. Under Section 209(e)(2)(B) of the Clean Air Act, states adopting California emissions regulations must do so in their entirety, so they are identical to the California regulation. Nevertheless, some states that have adopted California's ACT regulation have also enacted enforcement discretion provisions to address state specific concerns. House Bill 1556 appears to similarly establish specific enforcement discretion in the state of Maryland.

Volvo Group appreciates the opportunity to present this Letter of Information to the House Environment & Transportation Committee in its consideration of House Bill 1556.

For more information call:

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