

DANA M. STEIN
Legislative District 11B
Baltimore County

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SPEAKER PRO TEM
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Environment and Transportation
Committee

Subcommittees

Chair, Environment

Natural Resources,
Agriculture and Open Space



The Maryland House of Delegates
6 Bladen Street, Room 301
Annapolis, Maryland 21401
410-841-3527 · 301-858-3527
800-492-7122 Ext. 3527
Dana.Stein@house.state.md.us

The Maryland House of Delegates
ANNAPOLIS, MARYLAND 21401

Delegate Dana Stein Testimony in Support of HB 1556

**Environment - Advanced Clean Cars II Program and Advanced Clean Trucks Regulation -
Application and Enforcement**

Let me say at the outset: I am a big fan of electric vehicles (EVs). I bought my first one in 2017 and my family now has two, plus a hybrid. EVs are the future of automobiles: they save money on fuel and maintenance costs and are much less polluting. They are an important part of our climate solutions. Maryland car dealers have invested millions of dollars to support sales of EVs, and they now have over 80 EV models to sell.

But the increase in sales of EVs has slowed. And that's before the new federal administration takes action to revoke the \$7,500 federal tax credit for EVs.

The Advanced Clean Cars II standard, which was put in place in 2023, requires that 43% of all vehicles shipped by each manufacturer to Maryland dealers in model year 2027—starting in Fall of 2026—be EVs. In model year 2028, that increases to 51%. If a manufacturer does not meet these percentages, they could be assessed \$21,000 for each car that misses the target.

As a result, there's concern that manufacturers, to avoid the risk of penalties, will meet Maryland's Clean Car targets by reducing the number of gas-powered cars that they provide to dealers for sale in Maryland. That would translate to a large reduction in cars that dealers can offer, meaning far fewer choices for Maryland buyers and a huge loss in sales for Maryland dealers. Maryland customers can easily go to a neighboring state to find the models they want, further hurting dealers. This situation will not increase the number of EVs sold in Maryland. And, this is not fantasy—it has already started in New York.

While some credits are available for manufacturers, they will not make up the difference between actual sales and the Clean Cars standard. Manufacturers have already said they will not buy credits, even if enough were available.

Maryland car dealers, who are committed to selling EVs, will be hurt in the process. So, what my bill does is eliminate the penalty threat on manufacturers for two years. Manufacturers have reported that if the threat of penalties is eliminated, they will continue to provide both gas-powered vehicles and EVs that customers want from dealers. During this two-year interim, we can further build up our EV charger infrastructure, which we know is necessary to increase EV sales.

We are faced with a similar situation with the Advanced Clean Trucks (ACT) program, which applies to vehicles over 8,500 pounds gross vehicle weight rating, with the percentage of sales of zero emissions trucks increasing over time, beginning in model year 2027 (Fall 2026) with potential fines for missing targets.

In the eleven states with ACT programs, manufacturers have already begun restricting truck sales, limiting what dealers are able to sell. California, which is the only state that has had a full year under the ACT program, experienced a reduction in truck sales of 79% through August 2024.

- In December, Daimler Trucks, which manufactures the top-selling heavy duty truck brand in the country (Freightliner), announced it would halt sales of their diesel trucks in Oregon, where it is headquartered. The company then rescinded that position less than two weeks later.
- Mack Trucks announced that the sale of diesel vehicles is “restricted due to the low level of EV sales, the extremely limited number of available credits, and the lack of a credit pooling framework among the opt-in states.”
- Dealers are required by the manufacturers to sell certain percentages of zero- emission trucks before they are given an opportunity to sell a diesel vehicle in an ACT state.

Another problem is that we’ve created a mandate for zero-emissions trucks starting with Model Year 2027, with sales beginning in calendar year 2026, but we have no public charging infrastructure for these trucks on our highways.

- There is currently no public charging infrastructure for medium- and heavy-duty trucks in Maryland.
- In cooperation with Connecticut, Delaware, and New Jersey, Maryland received an I-95 Clean Corridor Coalition Grant to add charging at locations along I-95, but these won’t be built until 2029-2030.

House Bill 1556 does not rescind or pull Maryland out of the Advanced Clean Car II or the Advanced Clean Trucks programs. It does not even eliminate the sales targets, because we are trying to stay on an upward ramp towards broader adoption of electric vehicles.

However, we must provide some assurances to the manufacturers so that Maryland dealers continue to have products to sell.

My bill simply provides assurances that no fines will occur in Maryland for Model Years 2027 and 2028 as the market for these products continues to develop.