

## Chapter 670

## (House Bill 44)

AN ACT concerning

**Clean Cars Act of 2021**

FOR the purpose of extending and altering, for certain fiscal years, the Electric Vehicle Recharging Equipment Rebate Program ~~and vehicle excise tax credit~~ for the purchase of certain electric vehicles; increasing, for certain fiscal years, the total amount of rebates that the Maryland Energy Administration may issue; ~~altering the authorized uses of certain compliance fees by the Maryland Strategic Energy Investment Fund; increasing, for purposes of a certain vehicle excise tax credit, the limitation on the maximum total purchase price of certain electric vehicles; repealing a certain limitation on the maximum amount of the vehicle excise tax credit; reducing the vehicle excise tax credit for certain electric drive vehicles;~~ requiring, for certain fiscal years, ~~a certain amount~~ certain amounts to be transferred from the Maryland Strategic Energy Investment Fund to the Transportation Trust Fund to offset certain revenue reductions; requiring the Motor Vehicle Administration and the Maryland Department of the Environment to submit a certain report to certain committees of the General Assembly on or before a certain date; prohibiting the Motor Vehicle Administration from selecting a proposed awardee for a certain contract prior to the submission of a certain report; prohibiting the Motor Vehicle Administration from awarding a certain contract before a certain date; requiring the Maryland Energy Administration, in consultation with the Maryland Department of Transportation, to submit a certain report to certain committees of the General Assembly on or before a certain date; ~~providing for the application of certain provisions of this Act;~~ and generally relating to ~~energy reduction programs and~~ electric vehicles.

BY repealing and reenacting, without amendments,

Article – State Government

Section 9–2009(a) and (b) ~~and 9–20B–05(a)~~

Annotated Code of Maryland

(2014 Replacement Volume and 2020 Supplement)

BY repealing and reenacting, with amendments,

Article – State Government

Section 9–2009(c) ~~and 9–20B–05(i)~~

Annotated Code of Maryland

(2014 Replacement Volume and 2020 Supplement)

~~BY repealing and reenacting, with amendments,~~~~Article – Transportation~~~~Section 13–815~~~~Annotated Code of Maryland~~

~~(2020 Replacement Volume)~~

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
That the Laws of Maryland read as follows:

**Article – State Government**

9–2009.

(a) (1) In this section the following words have the meanings indicated.

(2) “Electric vehicle recharging equipment rebate” means a rebate issued by the Administration under this section for the cost of qualified electric vehicle recharging equipment.

(3) “Qualified electric vehicle recharging equipment” means property in the State that is used for recharging motor vehicles propelled by electricity.

(4) “Retail service station dealer” has the meaning stated in § 10–101 of the Business Regulation Article.

(b) (1) There is an Electric Vehicle Recharging Equipment Rebate Program.

(2) The Administration shall administer the Program.

(c) (1) For fiscal years ~~[2018 through 2020]~~ **2021 THROUGH 2023**, subject to the provisions of this section, an individual, a business entity, or a unit of State or local government may apply to the Administration for an electric vehicle recharging equipment rebate for the costs of acquiring and installing qualified electric vehicle recharging equipment.

(2) For each fiscal year, the total amount of rebates issued by the Administration may not exceed ~~[\$1,200,000]~~ **\$1,800,000**.

(3) The Administration may allow an applicant to include reasonable installation costs in the cost of qualified electric vehicle recharging equipment for the purpose of calculating the amount of an electric vehicle recharging equipment rebate.

~~9–20B–05.~~

~~(a) There is a Maryland Strategic Energy Investment Fund.~~

~~(i) (1) In this subsection, “low income” means having an annual household income that is at or below 175% of the federal poverty level.~~

~~(2) [Except as provided in paragraph (3) of this subsection, compliance] COMPLIANCE fees paid under § 7-705(b) of the Public Utilities Article may be used only [to make loans and grants to support the creation of new Tier 1 renewable energy sources in the State that are owned by or directly benefit low-income residents of the State];~~

~~(I) TO PROVIDE SUPPLEMENTAL FUNDING FOR ZERO EMISSION VEHICLES, ZERO EMISSION VEHICLE INFRASTRUCTURE PROGRAMS, AND OTHER TRANSPORTATION SECTOR GREENHOUSE GAS REDUCTION AND CARBON REDUCTION EFFORTS; AND~~

~~(H) SUBJECT TO PARAGRAPH (3) OF THIS SUBSECTION, TO MAKE ENERGY RELATED LOANS AND GRANTS INCLUDING SUPPORT FOR ENERGY EFFICIENCY MEASURES, SOLAR RENEWABLES, AND OTHER TIER 1 RENEWABLES THAT DIRECTLY BENEFIT LOW TO MODERATE INCOME RESIDENTS OF THE STATE.~~

~~(3) Compliance fees paid under § 7-705(b)(2)(i)2 of the Public Utilities Article shall be accounted for separately within the Fund and may be used only to make loans and grants to support the creation of new solar energy sources in the State that are owned by or directly benefit low-income residents of the State.]~~

~~(3) FOR EACH FISCAL YEAR, AT LEAST 50% OF THE ENERGY RELATED LOANS AND GRANTS MADE UNDER PARAGRAPH (2)(H) OF THIS SUBSECTION SHALL DIRECTLY BENEFIT LOW INCOME RESIDENTS OF THE STATE.~~

~~Article Transportation~~

~~13-815.~~

~~(a) In this section, "excise tax" means the tax imposed under § 13-809 of this subtitle.~~

~~(b) This section applies only to:~~

~~(1) A plug-in electric drive vehicle that:~~

~~(i) Has not been modified from original manufacturer specifications;~~

~~(ii) Is acquired for use or lease by the taxpayer and not for resale;~~

~~(iii) Has a total purchase price not exceeding [~~\$63,000~~] **\$73,000**;~~

~~(iv) Has a battery capacity of at least 5.0 kilowatt-hours; and~~

~~(v) Is purchased new and titled for the first time on or after July 1, 2017, but before July 1, [2020] **2023**; and~~

- ~~(2) A fuel cell electric vehicle that:~~
- ~~(i) Has not been modified from original manufacturer specifications;~~
  - ~~(ii) Is acquired for use or lease by the taxpayer and not for resale;~~
  - ~~(iii) Has a total purchase price not exceeding ~~[\$63,000] \$73,000~~; and~~
  - ~~(iv) Is purchased new and titled for the first time on or after July 1, 2017, but before July 1, ~~[2020] 2023~~.~~
- ~~(e) Subject to available funding, ~~[a] AN EXCISE TAX~~ credit is allowed ~~[against the excise tax imposed]~~ for a plug-in electric drive vehicle or fuel cell electric vehicle.~~
- ~~(d) ~~[The] SUBJECT TO SUBSECTION (E) OF THIS SECTION, THE~~ credit allowed under this section ~~[may not exceed the lesser of] SHALL EQUAL:~~~~
- ~~(1) ~~[The amount of excise tax paid for the purchase of the vehicle; or~~~~
  - ~~(2) ~~]~~ \$3,000 FOR EACH ZERO EMISSION PLUG-IN OR FUEL CELL ELECTRIC VEHICLE PURCHASED; OR~~
  - ~~(2) ~~]~~ \$1,500 FOR EACH PLUG-IN ELECTRIC DRIVE HYBRID VEHICLE PURCHASED.~~
- ~~(e) The credit allowed under this section is limited to the acquisition of:~~
- ~~(1) One vehicle per individual; and~~
  - ~~(2) 10 vehicles per business entity.~~
- ~~(f) A credit may not be claimed under this section:~~
- ~~(1) For a vehicle unless the vehicle is registered in the State; or~~
  - ~~(2) Unless the manufacturer has already conformed to any applicable State or federal laws or regulations governing clean fuel vehicle or electric vehicle purchases applicable during the calendar year in which the vehicle is titled.~~
- ~~(g) The Motor Vehicle Administration shall administer the credit under this section.~~

SECTION 2. AND BE IT FURTHER ENACTED, That:

~~(a) Subject to subsection (b) of this section and notwithstanding any other provision of law, for fiscal years 2021, 2022, and 2023, respectively, the Maryland Energy Administration shall transfer from the Strategic Energy Investment Fund established under § 9-20B-05 of the State Government Article to the Transportation Trust Fund the amount determined under subsection (b) of this section to offset a reduction in revenues from the vehicle excise tax credit for qualified plug-in electric drive vehicles and fuel cell electric vehicles under § 13-815 of the Transportation Article, as enacted by this Act.~~

~~(b) (1) Subject to paragraphs (2) and (3) of this subsection, for each fiscal year the Maryland Energy Administration shall determine the amount to transfer under subsection (a) of this section.~~

~~(2) Subject to paragraph (3) of this subsection, each fiscal year the Maryland Energy Administration shall transfer under subsection (a) of this section:~~

~~(i) at least \$12,000,000; and~~

~~(ii) not more than \$26,000,000.~~

~~(3) For each fiscal year, the amount transferred under subsection (a) of this section may not exceed the total amount of credits allowed against the excise tax for that fiscal year, notwithstanding any other provision of law, the Maryland Energy Administration shall transfer the lesser of \$10,000,000 or the actual total outstanding amount of the credit allowed against the excise tax from the Strategic Energy Investment Fund to the Transportation Trust Fund to offset the reduction in revenues from the vehicle excise tax credit for qualified plug-in electric drive vehicles and fuel cell electric vehicles under § 13-815 of the Transportation Article applied for before July 1, 2020.~~

*SECTION 3. AND BE IT FURTHER ENACTED, That:*

*(a) The General Assembly is concerned that the Motor Vehicle Administration and the Maryland Department of the Environment are proceeding with the procurement of a new vehicle emissions inspection program with significant transportation budget and policy implications without providing the General Assembly with a report, briefing, background, or a detailed plan for the regulatory or legislative changes necessary to implement the underlying program.*

*(b) On or before January 15, 2022, in accordance with § 2-1257 of the State Government Article, the Motor Vehicle Administration and the Maryland Department of the Environment shall submit a joint report to the Senate Finance Committee, the Senate Budget and Taxation Committee, the House Environment and Transportation Committee, and the House Appropriations Committee that provides:*

*(1) information on the proposed changes to the vehicle emissions inspection program under consideration, and what legislative and regulatory changes are necessary to effect those changes;*

(2) the projected fiscal impact of the proposed changes on the Transportation Trust Fund;

(3) information on how the proposed changes may impact air quality and any discussions and approvals sought by U.S. Environmental Protection Agency of the proposed changes to the program; and

(4) an environmental justice analysis of the impact of running the program and assessing fees only on citizens who own older cars, and a recommendation on whether to pay vehicle emissions inspection program expenses from vehicle registration fees.

(c) The Motor Vehicle Administration may not select a proposed awardee for a new contract to operate the vehicle emissions inspection program prior to the submission of the report required in subsection (b) of this section, and may not award a contract to a new vendor before March 1, 2022.

SECTION 4. AND BE IT FURTHER ENACTED, That on or before December 1, 2021, in accordance with § 2-1257 of the State Government Article, the Maryland Energy Administration, in consultation with the Maryland Department of Transportation, shall submit a report to the Senate Finance Committee and the House Environment and Transportation Committee that provides:

(1) the fiscal impact of zero emission vehicles registered in the State on the Transportation Trust Fund;

(2) measures to reduce the impact of zero emission vehicles on the Transportation Trust Fund; and

(3) a survey of measures enacted by other states or jurisdictions.

~~SECTION 3. AND BE IT FURTHER ENACTED, That § 13-815(b)(1)(iii) and (2)(iii) and (d) of the Transportation Article, as enacted by this Act, shall be construed to apply only prospectively and may not be implied or interpreted to have any effect on or application to any vehicles purchased before the effective date of this Act.~~

SECTION 4. ~~3.~~ 5. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2021.

**Enacted under Article II, § 17(c) of the Maryland Constitution, May 30, 2021.**