

Department of Legislative Services
Maryland General Assembly
2023 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 889 (Delegate Ruth)
Economic Matters and Ways and Means

**Retail Service Stations - Electric Vehicle Charging Stations and Property Tax
Credit for Service Station Conversions**

This bill requires the installation of electric vehicle (EV) charging stations at specified newly constructed retail service stations. The bill also authorizes local governments to grant a property tax credit for certain converted retail service stations. Finally, the bill requires the State, to the extent provided in the State budget, to pay each county or municipality that grants the tax credit an amount equal to 50% of the property tax revenue that would have been collected if the tax credit had not been granted. **The bill takes effect June 1, 2023, and applies to taxable years beginning after June 30, 2023; however, the EV charging station provisions take effect October 1, 2023.**

Fiscal Summary

State Effect: General fund expenditures may increase beginning in FY 2024 to reimburse local governments for property tax credits that are granted. Revenues are not affected.

Local Effect: Local property tax revenues may decrease beginning in FY 2024 to the extent the property tax credit is granted. Local government expenditures may increase in FY 2024 to adopt regulations regarding the installation of EV charging stations at newly constructed retail service stations. **This bill may impose a mandate on a unit of local government.**

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: The bill requires the construction of EV charging stations at specified newly constructed retail service stations and authorizes a local property tax credit for certain converted retail service stations, as discussed below.

Electric Vehicle Charging Stations

A person constructing a retail service station, on or after October 1, 2023, that is projected to sell more than 1.0 million gallons of gasoline per year must install one EV charging station capable of providing fast charging for each gasoline dispenser operated by the retail service station. The installation of an EV charging station must be performed by an individual who is certified by the Electric Vehicle Infrastructure Training Program to install EV supply equipment. These provisions of the bill do not apply to a retail service station that received final construction approval from an approving body before October 1, 2023. Each approving body must adopt regulations to carry out these provisions, by January 1, 2024.

“Approving body” is defined as a county or municipality that exercises final construction approval authority for retail service stations. “Fast charging” is defined as direct current charging that can provide a minimum of 150 kilowatts of power to an EV.

Property Tax Credit for Converted Retail Service Stations

Local governments are authorized to grant a property tax credit against the county or municipal property tax imposed on real property if the use of the real property has been converted from a retail service station to another retail use, a residential use, or a mixed retail and residential use. “Retail use” does not include use as a discount store or a self-service storage facility. “Discount store” is a retail store that offers for sale (1) a combination and variety of convenience and consumer shopping goods and (2) the majority of the items in the inventory at a price not to exceed \$5. Local governments may provide for (1) the amount and duration of the property tax credit; (2) additional eligibility criteria for the property tax credit; (3) regulations and procedures for the application and uniform processing of requests for the property tax credit; and (4) any other provision necessary to carry out the property tax credit.

The bill requires the State, as provided in the State budget, to pay each county or municipality that grants the tax credit an amount equal to 50% of the property tax revenue that would have been collected if the tax credit had not been granted.

Current Law: The Maryland Zero Emission Electric Vehicle Infrastructure Council (ZEEVIC) is charged with formulating an action plan to successfully integrate EVs into

the State's transportation network. The council was originally established in statute pursuant to Chapters 400 and 401 of 2011 and has since been extended, renamed, and given related but differing requirements. Chapter 118 of 2020 extended, from June 30, 2020, to June 30, 2026, the termination date for ZEEVIC and established new interim and final reporting deadlines. The ZEEVIC 2022 Annual Report is available [here](#).

The federal Infrastructure Investment and Jobs Act (IIJA), which was enacted in November 2021, allocates \$7.5 billion in federal funding for EV charging infrastructure. IIJA created two new federal EV charging station programs that are intended to establish a national network of 500,000 EV chargers by 2030.

The Maryland Energy Administration (MEA) administers the Electric Vehicle Recharging Equipment Rebate Program, which was reestablished through fiscal 2023 by Chapter 670 of 2021. The program provides funding assistance for costs incurred acquiring and/or installing qualified EV supply equipment, *i.e.*, charging stations. According to MEA, the program is currently administered on a first-come, first-served basis and funding for fiscal 2023 is exhausted.

In addition, Chapter 629 of 2021 established requirements for builders or builder's agents regarding the inclusion of EV charging stations for newly constructed homes, including single-family detached homes and townhouses. If the construction of one or more new housing units includes at least one garage, carport, or driveway for each housing unit, the builder or the builder's agent must provide each buyer or prospective buyer with the option to include in or on the garage, carport, or driveway (1) an EV charging station capable of providing at least Level 2 charging or (2) a dedicated electric line of sufficient voltage to support the later addition of an EV charging station capable of providing at least Level 2 charging. The builder or the builder's agent must give to each buyer or prospective buyer notice of these options in addition to specific information about any available rebate programs related to the purchase or installation of EV charging stations.

Chapter 234 of 2022 established the Medium-Duty and Heavy-Duty Zero-Emission Vehicle Grant Program. Chapter 234, for fiscal 2024 through 2027, and subject to available funding, authorizes a person or unit of local government to apply to MEA for a grant of up to 20% of the cost of a qualified medium-duty or heavy-duty zero-emission vehicle, qualified medium-duty or heavy-duty zero-emission vehicle supply equipment, or zero-emission heavy equipment property.

State Expenditures: General fund expenditures increase in any fiscal year that local governments grant the property tax credit authorized by the bill, as the bill requires the State to reimburse local governments for 50% of the property tax revenue that would have been collected if the tax credit had not been granted, to the extent funding is provided in

the State budget. The amount of the expenditure increase depends on the amount of property tax credits that are granted in any fiscal year.

Local Revenues: Local property tax revenues may decrease beginning in fiscal 2024 to the extent the property tax credit is granted. The amount of the revenue decrease depends on the number of converted retail service stations, the assessed value of each, local property tax rates, and the amount and duration of the property tax credit. The State is required to reimburse local governments for 50% of the property tax revenue that would have been collected if the tax credit had not been granted, to the extent funding is provided in the State budget, which will offset the overall local revenue loss.

Local Expenditures: Local government expenditures may increase in fiscal 2024 to adopt regulations regarding the installation of EV charging stations at newly constructed retail service stations.

Small Business Effect: Small businesses involved in retail service station construction or conversion of retail service stations to the other uses specified in the bill, may be meaningfully impacted, whether positively or negatively, by the requirement to install EV charging stations at specified newly constructed retail service stations and the authorization of a property tax credit for retail service station conversion.

Additional Information

Prior Introductions: Similar legislation has not been introduced within the past three years.

Designated Cross File: None.

Information Source(s): Carroll, Queen Anne's, and St. Mary's counties; Maryland Municipal League; Comptroller's Office; Department of Budget and Management; State Department of Assessments and Taxation; Department of Legislative Services

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