



Maryland

**DEPARTMENT OF BUDGET
AND MANAGEMENT**

LARRY HOGAN
Governor

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Lieutenant Governor

DAVID R. BRINKLEY
Secretary

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Deputy Secretary

SENATE BILL 926 Climate Solutions Act of 2020-Greenhouse Gas Emissions Reduction Act (Pinsky, et al)

STATEMENT OF INFORMATION

DATE: February 19, 2020

**COMMITTEE: Senate Education, Health, and Environmental Affairs Committee
and Senate Budget & Taxation Committee**

SUMMARY OF BILL: SB 926 requires the Department of Environment to adopt a final plan that reduces statewide greenhouse gas emissions by 60% by 2030 and requires the State to achieve a net-zero statewide greenhouse gas emissions by 2045. The bill also provides that beginning in FY 2021, at least 25% of business and 50% of light-duty vehicles purchased for the State vehicle fleet are zero-emission vehicles, and beginning in FY 2025, at least 50% of buses and 100% of light-duty vehicles purchased for the State vehicle fleet are zero-emission vehicles.

EXPLANATION: The State Fleet and Travel Management unit is within the Department of Budget and Management. The State Vehicle Fleet is currently including Zero-Emission vehicles into the fleet as replacements for combustion engine vehicles. Our approach to the inclusion of these vehicles into our fleet is consistent with best practices of State Fleet Administrators throughout the country. To date, we have five Zero-Emission vehicles in our fleet and another five vehicles ordered. Expected budget allocations in FY-21, as well as expected charge station installations throughout the State should allow for a more significant purchase of these vehicles in the next fiscal year.

It is important to note that more robust implementation of Zero-Emission vehicles is impacted by:

1. Inadequate charge station infrastructure necessary to support the use of Zero-Emission vehicles. Level 2 charge station installations generally cost \$10,000-\$15,000 per station/unit.

-Level 2 provides for 8-10 hour charging cycles which is less conducive to the daily business of State employees.

-Level 3 provides for 30 minute recharging to 80% of total charge; however, cost nearly 3 times much to purchase/install. Level 3 would eliminate the issue of range as it applies to job performance.

2. Limited availability of mid-size sedans, or larger, Zero-Emission vehicles. Currently, only foreign and luxury vehicle manufacturers offer these Zero-Emission vehicles. Due to their costs, these vehicles are not successful in the vehicle contract bid process and therefore do not appear on the statewide vehicle contract list.
3. Zero-Emission vehicles have an upfront cost of ownership approximately \$5,000-\$8,000 (20%-32%) higher than their combustion engine counterparts, thereby making it difficult for agencies to purchase in significant numbers.

-The State purchases an average of 400-600 vehicles per year, with the majority meeting the light duty definition of this bill. The added cost to comply with this bill would be \$2 million to \$4.8 million per year.

While it is clear the impetus for this bill is to reduce the environmental impact of the State's vehicle fleet, any requirement for full inclusion of Zero-Emission vehicles must address fiscal sustainability and potential job performance disruption of State employees. For the foreseeable future, Zero-Emission vehicles should play a role in reducing the environmental impact of our fleet, but should not be considered as the only solution because of inherent limitations.

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