



TO: Members, House Environment & Transportation Committee
FROM: Mary Beth Tung – Director, MEA
SUBJECT: HB0044 – Clean Cars Act of 2021
DATE: January 28, 2021

MEA POSITION: Letter of Information

The proposed legislation will re-enact the now defunct Zero Emission Vehicle (ZEV) excise tax credit program (Program) and reinstitute an unnecessary statutory mandate for the Electric Vehicle Recharging Equipment Rebate Program (the Rebate). The proposed legislation will also broaden the allowable uses for Alternative Compliance Payment (ACP) under the Renewable Portfolio Standard (RPS).

With the proposed legislation, MEA expects significant impacts on its existing bevy of programs. After the General Assembly allowed the Program to sunset at the end of FY20, there was already a significant backlog of applicants. Because this bill would reenact the Program retroactively to the beginning of FY21, that already significant backlog would be exasperated by a new pool of eligible applicants. Additionally, in the first operational year of the revived Program, there will be new applications for vehicles purchased during FY22.

The bill calls for 100% of the backlog and Program to be paid from the Strategic Energy Investment Fund (SEIF); MEA's sole source of funding. MEA estimates that the backlog and first year of Program operation will fully utilize funding up to the cap of \$26,000,000 in FY22. The bill then requires a transfer of at least \$12,000,000 per fiscal year thereafter.

The likely result of the significant drawdown of SEIF proposed in House Bill 44 is the consolidation and possible elimination of existing MEA programs, including those that serve low-to-moderate income Marylanders.

As to the reenactment of the Rebate, this program lapsed at the end of FY20. However, MEA has continued the program without a statutory mandate, including an increase in funding level to the same amount proposed in this bill \$1.8M. The bill will not cause any sudden changes to the Rebate, but it will limit MEA in its ability to adapt or change the Rebate based on its annual evaluation.

Finally, MEA believes altering the available uses of ACP is an appropriate step for the continued development of programs to address economic support and relief for low-to-moderate income Marylanders and to combat greenhouse gas emissions within the transportation space (such as those that would support the recent Medium and Heavy Duty Vehicle MOU). The transportation sector is now the #1 contributor to greenhouse gas emissions, but currently solar APC can only be used for additional solar projects. As written, the bill would permit ACP to be used for future transportation programs and to supplement low-to-moderate income energy programs.