SIERRA CLUB

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Committee: Environment and Transportation
Testimony on: HB44 – "Clean Cars Act of 2021"
Position: Support with Amendments
Hearing Date: January 28, 2021

The Maryland Sierra Club urges a "favorable with amendments" report on this bill. The proposed amendments are described below.

We appreciate the longstanding efforts of the bill sponsor to advocate for a substantial increase in the use of electric vehicles (EVs) in Maryland. This legislation aims to provide important support for EV growth, however, there also are several aspects of the bill which we believe need to be adjusted.

First. We support the proposed three-year extension of the excise tax credit for purchase of plug-in EVs and EV recharging equipment.

The General Assembly must act aggressively to reduce greenhouse gas emissions from the transportation sector, the state's largest source of these emissions. Petroleum-powered vehicles on our roadways account for 70% of these emissions. Electrification of the transportation sector, including reliance on EVs, is essential in order to substantially reduce Maryland's greenhouse gas emissions. Providing an excise tax credit for purchase of EVs and EV recharging equipment will encourage EV growth.

Second. We disagree with the legislation's proposal to also extend the tax credit for hydrogen fuel cell vehicles, and urge an amendment to remove that.

Plug-in EVs are and always will be cheaper, cleaner, and safer. Providing tax credits for fuel cell cars takes needed money away from plug-in EVs.

Third. We request that the bill be amended so that the additional three years of tax credits are not paid from the Strategic Energy Investment Fund (SEIF) and, instead, are funded from elsewhere in the budget.

SEIF is a critical part of Maryland's efforts to respond to the climate crisis in the electricity sector. SEIF is sourced from a variety of programs, including auction revenues from the Regional Greenhouse Gas Initiative (RGGI), and Alternative Compliance Payments (ACPs) from the Renewable Portfolio Standard (RPS).[1] As evidenced by passage of the Clean Energy Jobs Act in 2019, the state is moving away from fossil-fuel generated electricity to clean (typically, wind and solar) energy.

An essential part of the state's transition to a clean energy economy is retiring the state's coal plants, which massively pollute our climate, air, and waters. HB66, the Maryland Coal Community Transition Act of 2021, would set a firm timetable for transitioning Maryland off of coal-powered electricity plants. It also would establish the Fossil Fuel Community Transition Fund to support impacted workers and communities, which initially would be supported with SEIF money. HB66 is a Sierra Club priority bill.

[1] The moneys included in SEIF have been and are growing substantially, in part due to the 2019 update to RGGI, and in part due to slower than expected growth in projects covered by the RPS solar carve-out.

There are several bills before the General Assembly this session, including but not limited to the Coal Community Transition Act and the Clean Cars Act, which would expand the permissible uses of SEIF moneys for climate-related programs. We believe the General Assembly needs to undertake a review that includes all the bills that propose to expand the permissible uses of SEIF moneys, with special consideration for HB66. The Clean Cars Act, accordingly, should be considered in this context.

<u>Fourth.</u> Unrelated to the extension of tax credits and funding the credits with SEIF dollars, the Clean Cars Act separately would expand the permissible uses of SEIF dollars for certain energy-related loans and grants. Currently, these loans and grants may be used to create new Tier 1 renewable energy sources; the Clean Cars Act would allow them to also be used. for "energy efficiency measures, solar renewables, [and] energy storage." In this regard, the bill should be amended to specify that efficiency-related loans or grants may be used only to incentivize the retrofit of building systems from direct fossil-fuel combustion appliances to efficient electric alternatives, i.e., the legislation should not allow such loans or grants to incentivize or subsidize the installation of new fossil fuel equipment.

The installation of new fossil-fuel powered space and water-heating systems will continue to lock in decades of climate-harming fossil fuel consumption. Page 3 of the bill, lines 9-12, should be amended to read as follows (in relevant part):

> (II) . . . TO MAKE ENERGY–RELATED LOANS AND GRANTS, INCLUDING SUPPORT FOR <u>ELECTRIC</u> ENERGY EFFICIENCY MEASURES, <u>ELECTRIFICATION MEASURES,</u> SOLAR RENEWABLES, ENERGY STORAGE, AND OTHER TIER 1 RENEWABLES . . . .

The bill should define "electrification" to mean "converting building systems that use fossil fuels (coal, gas, oil, or propane) to high- efficiency, electric equipment that can be powered by increasingly clean and renewable electricity."

<u>Fifth.</u> with regard to bill provisions which address SEIF-funded loans and grants for low income residents, the bill should be amended to require robust reporting on the success of the programs that receive SEIF funds to benefit low-income residents.

Specifically, the reporting data should include information on the investments made by zip code or county, demographic information of households or businesses benefitting from the programs, and information and review of the public outreach and marketing programs used to advertise to low-income and moderate-income residents.

Conclusion

For these reasons, we urge that the Committee report this bill favorably with the specified amendments.

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