



Maryland

Department of the Environment

Larry Hogan, Governor
Boyd K. Rutherford, Lt. Governor

Ben Grumbles, Secretary
Horacio Tablada, Deputy Secretary

February 15, 2022

The Honorable Paul G. Pinsky, Chair
Education, Health, and Environmental Affairs Committee
Miller Senate Office Building, Suite 2W
Annapolis, Maryland 21401

Re: Senate Bill 126 - Environment – New Motor Vehicles – Pollution Fee

Dear Chair Pinsky and Members of the Committee:

The Maryland Department of the Environment (Department or MDE) has reviewed SB 126 entitled *Environment – New Motor Vehicles – Pollution Fee* and would like to share some additional information.

The proposed changes to Section 2-1209 of the Environment Article under this bill would do the following: require MDE to charge, starting with 2023 model year vehicles and under specific parameters, a carbon dioxide fee on new vehicles sold or registered in Maryland; require the Comptroller to collect the fee; and require the fees collected to be deposited into the Maryland Strategic Energy Investment Fund (SEIF) for the purposes of providing rebates on the sale of electric vehicles (EVs), purchasing electric transit and school buses, and expanding EV infrastructure.

These changes would have a fiscal and operational impact on MDE. As currently drafted, MDE is responsible for determining and invoicing (charging) a pollution fee for new vehicles sold or registered in Maryland. While MDE conducts other types of invoicing, this fee would be a new undertaking for the Department, and would require a significant increase in review and processing related to the approximate 25,000/month (more than 300,000 annual) new vehicle purchases.¹

MDE would need to coordinate implementation with the Comptroller's Office on invoicing with the fee collection process, and the Maryland Department of Transportation Motor Vehicle Administration to obtain information on new vehicle registrations that will be needed to determine and invoice the pollution fee. This information would need to be collected from each new vehicle at the time of sale/registration so MDE could determine whether a fee should be assessed and to calculate the fee. The vehicle specific emissions information is unique to each vehicle sold and is not currently collected during the sale/registration transaction. MDE is not aware of any other way to obtain this information. MDE also envisions a need under this bill to conduct outreach and education about the fee to dealers (to inform them of the need to collect new data), and the general public regarding the assessment of the fee and payment after new vehicle registration.

¹opendata.maryland.gov/Transportation/MVA-Vehicle-Sales-Counts-by-Month-for-Calendar-Yea/un65-7ipd

In addition to the significant new processes outlined above, there are additional issues with the current bill in regard to the fees. The bill has confusing language on which fee calculation method MDE is supposed to use. There is a significant difference in the amount of fees that will be generated based on which method MDE is required to use. For example, based on the 400 grams/mile minimum requirement in the bill, fees would only apply to vehicles with an U.S. Environmental Protection Agency rating of 1-5. Using this EPA rating scale, as required in the bill, results in a vehicle fee of \$6.25 for the cleanest impacted vehicles (rating of 5), and \$1.25 for the dirtiest vehicles (rating of 1). On the other hand, the bill language could be interpreted that the fee is intended to apply to every gram of carbon dioxide emitted, or possibly just the grams of carbon dioxide over 400, and that the dirtiest vehicles should pay the higher fee.

Additionally, application to model year 2023 vehicles is not operational feasible. Vehicle manufactures are allowed to introduce new model year vehicles at the beginning of the preceding calendar year, so a 2023 model year vehicle could actually be introduced for sale as early as January 2, 2022. With the bill's effective date of October 1, 2022, MDE will not always have the information required to assess these fees retroactively.

While MDE has some concerns with this bill, Maryland, through Governor Hogan's administration, supports and has made substantial investments and commitments for EV incentives and infrastructure. Maryland continues to work with other states in the region in adopting policies and programs designed to accelerate the implementation of Zero Emission Vehicles (ZEVs) in the marketplace. These programs, including the California ZEV mandate, ensure that Maryland residents and businesses get the most current and greatest number of ZEVs available. Over the past 5 years, Maryland has invested over \$11 million in the installation of public and private chargers throughout the state. Moving forward the state will continue its leadership role by investing over \$16 million over the next 3 years in the installation of public and private chargers located throughout the state. In addition, Maryland has continued to work with private businesses and utilities to invest in Maryland's charging infrastructure. As a result of these efforts, Maryland is now recognized as one of the top 10 states in the country for charging infrastructure.²

Thank you for your consideration. We will continue to monitor SB 126 during the committee's deliberations, and I am available to answer any questions you may have. Please feel free to contact me at 410-260-6301 or at tyler.abbott@maryland.gov.

Sincerely,



Tyler Abbott

cc: The Honorable Ben F. Kramer
George "Tad" Aburn, Director, Air and Radiation Administration

² kbb.com/car-news/report-ranks-states-by-ev-charging-outlets/