

Committee: Economic Matters

Testimony on: SB0126 Environment – New Motor Vehicles – Pollution Fee

Submitted by: Donald M. Goldberg, Executive Director

Position: Favorable

Hearing Date: February 15, 2022

Climate Law & Policy Project strongly supports Senate Bill 126 with a technical amendment.

This bill would impose a modest, one-time pollution fee based on the carbon dioxide tailpipe exhaust rating of new vehicles sold or registered in Maryland based on EPA pollution ratings. The bill further provides that those collected fees be used to provide rebates to Marylanders who purchase electric vehicles, to expand electric vehicle infrastructure, and to fund the purchase of electric public transit buses and school buses.

The transportation sector is Maryland's largest generator of greenhouse gas emissions. Gasoline and diesel powered vehicles account for 89% of this pollution, according to the Maryland Greenhouse Gas Inventory. Vehicle emissions are hazardous to human health and contribute to cancers, heart disease, asthma, emphysema and other respiratory diseases.

In 2013, Maryland joined seven other states in signing a memorandum of understanding committing to have 300,000 zero-emission vehicles (including plug-ins) on the road by 2025, and 600,000 EVs on the road by 2030. The state also has a goal to reduce state greenhouse gas emissions 40% by 2030 from 2006 levels.

This bill levies a fee on the most polluting vehicles and puts the proceeds from those fees in the Strategic Energy Investment Fund (SEIF) to be used to incentivize the purchase of electric vehicles, electric school and transportation buses, and to expand the electric vehicle infrastructure. The fee is imposed on new motor vehicles sold or registered in the State that score 5 or lower on the EPA's 10-point Greenhouse Gas Rating Scale. Vehicles that score 1 pay \$450, and the scale is reduced \$50 per step as the score increases, with the minimum fee being \$250. Vehicles that score 6 or higher pay no fee.

The bill exempts commercial vehicles for transporting goods, agricultural vehicles, public transportation, ambulances, and local government vehicles that are not used as passenger vehicles.

The bill is smart policy that will both disincentivize the purchase of high-polluting vehicles and incentivize the purchase and use of electric vehicles and infrastructure.

We urge passage of Senate Bill 126 with a technical amendment to address a possible conflict in the bill's language. On page 2, lines 9-10, the bill, as amended by the Sponsor, says:

(C) THE MINIMUM POLLUTION LEVEL SHALL BE: (1) 400 GRAMS PER MILE IN THE 2023 MODEL YEAR.

That is below the minimum for vehicles rated 5 on the EPA scale. In 2022 the minimum CO2 rating for level 5 is 336 g/mile, as shown on the EPA chart below. In subsequent years the minimum rating will be lower. That creates conflicting language in the bill.

EPA Greenhouse Gas Rating Scales by Model Yearⁱ

MY 2022

Rating	MPG (gas)	CO ₂ (g/mile)
10	>=58	0-155
9	45-57	156-200
8	37-44	201-243
7	31-36	244-291
6	27-30	292-335
5	22-26	336-413
4	19-21	414-480
3	16-18	481-573
2	14-15	574-658
1	<=13	>=659

For replacement text, we suggest either of the following:

- (A) A one-time FEE SHALL BE CHARGED BY THE DEPARTMENT AND COLLECTED BY THE COMPTROLLER ON NEW MOTOR VEHICLES SOLD OR REGISTERED IN THE STATE, IN ACCORDANCE WITH SUBSECTIONS (B) and (C).
- (B) THE FEE SHALL BE BASED ON THE Greenhouse Gas RATING Scale BY THE U.S. ENVIRONMENTAL PROTECTION AGENCY OF THE CARBON DIOXIDE TAILPIPE EXHAUST OF PASSENGER VEHICLES AND LIGHT TRUCKS.
- (C) The fee shall be \$450 with a Greenhouse Gas Rating of “1” and will decrease by \$50 for each subsequent rating through “5” for \$250. The fee will not apply to vehicles that receive a rating between 6 and 10.

OR replace (C) with:

- (C) THE MINIMUM POLLUTION LEVEL SHALL BE EQUAL TO THE LOWEST GREENHOUSE GAS EMISSION LEVEL OF VEHICLES RATED 5 ON THE EPA GREENHOUSE GAS RATING SCALE.

ⁱ <https://www.epa.gov/greenvehicles/greenhouse-gas-rating>