



Maryland

Department of the Environment

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

Ben Grumbles, Secretary
Horacio Tablada, Deputy Secretary

February 25, 2022

The Honorable Kumar P. Barve, Chair
Environment and Transportation and Economic Matters
House Office Building, Room 251
Annapolis, Maryland 21401

Re: House Bill 894 – Transportation Electrification and Modernization (TEAM) Act

Dear Chair Barve and Members of the Committee:

The Maryland Department of the Environment (MDE or the Department) supports HB 894 - *Transportation Electrification and Modernization (TEAM) Act*. HB 894 will provide Maryland with the ability to expand the use of zero emission vehicles (ZEVs) in the state that are essential to achieving our climate and air quality goals.

Maryland has been a key supporter of introducing light duty ZEVs into the marketplace. In 2007, Maryland adopted the California Clean Cars Program, including its ZEV standard. In 2013, recognizing the important contribution that ZEVs have in improving air quality and reducing greenhouse gas (GHG) emissions from the transportation sector, Maryland joined eight other states in signing the regional ZEV Memorandum of Understanding (MOU). This MOU established commitments from the states to work together to develop policies and programs that accelerate the introduction of ZEVs into the region by removing barriers and offering incentives. To achieve these goals, a multi-state ZEV Action Plan was developed to aid both public and private entities in accelerating ZEV deployment in the region. Maryland has been active in implementing policies and programs from the Action Plan that reduce the cost for both the ZEV vehicles as well as the purchase and installation of charging infrastructure.

Transportation accounts for almost half of all GHG emissions generated in the state and is a significant source of nitrogen oxides (NOx) emissions that contribute to ground-level ozone pollution. The current Greenhouse Gas Reduction Act (GGRA) was signed into law by Governor Hogan in 2016, and has a goal of a 40% reduction in GHG emissions from 2006 levels by 2030. Maryland has made a lot of progress over the past few decades toward clean air and is now in attainment with all criteria pollutant national ambient air quality standards, except for ground level ozone. Emissions of NOx are the leading contributor to ground level ozone.

This bill will provide a rebate for qualified plug-in electric drive vehicles, fuel cell electric vehicles (EVs), plug-in hybrid EVs, and plug-in electric motorcycles purchased or leased new and titled for the first time on or after July 1, 2022, but before July 1, 2025. Plug-in electric and plug-in hybrid EVs must have a manufacturer's suggested retail price that doesn't exceed \$55,000. The bill also includes an additional \$500 rebate for individuals who claimed and received a federal Earned Income Tax Credit in the most recent taxable year. This provision will provide greater access to these clean vehicles by targeting additional incentives for those most in need of the rebate to cover the increased cost of plug-in EVs. The bill provides a record level of funding for light-duty ZEV rebates by allocating \$12 million toward the excise tax credit.

In addition to the light-duty vehicle rebate, the bill also extends a rebate program for EV recharging equipment to 2025, and increases the total amount of rebates to \$2 million. Recharging equipment is vital to ensure the successful adoption of

EVs in Maryland. The bill also includes a new rebate program for qualified zero emission medium-and heavy-duty (MHD) trucks and sets aside \$5 million in total funding for these rebates. This rebate aligns with goals set out in the MHD ZEV MOU Governor Hogan signed, along with 16 other states and the District of Columbia. Among other things, this MOU established a goal of 30% MHD ZEVs in the region by 2030. MHD trucks are the second largest contributors of GHG and NOx emission from the transportation sector in Maryland. ZEV trucks are a new and growing market and rebates for their purchases and recharging infrastructure will help offset the increased costs associated with the technology.

In the coming years, continued work will be needed on ZEV programs to ensure that the state can meet its ZEV, air quality, and climate goals and the rebates included in this bill will help Maryland's efforts to achieve these goals.

Thank you for your consideration. We will continue to support HB 894 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 tyler.abbott@maryland.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Tyler Abbott", with a long horizontal line extending to the left.

Tyler Abbott

cc: George "Tad" Aburn, Director, Air and Radiation Administration