



March 9, 2022

The Honorable Kumar Barve  
House Environment and Transportation Committee  
House Office Building  
Annapolis, Maryland 21401

**HB 1391: Clean Cars Act of 2022**  
**Position: Favorable with amendments**

Dear Chair Barve:

The Alliance for Automotive Innovation<sup>1</sup> (Auto Innovators) is writing to support HB 1391 with suggested amendments. It is critical for states and automakers to work together with the spirit that “**More is Better**” to develop policies that will encourage electric vehicle (EV) adoption. That is why we support consumer focused incentives, and we applaud the state’s previous efforts to ensure funding for electric vehicles.

**Industry Commitment to ZEVs**

Automakers shared our industry’s commitment to an electric future in [a letter to President Biden](#). Nearly 70 models of plug-in hybrid (PHEV), fully electric (BEV), and fuel cell electric vehicles (FCEV) are available now to consumers — and more are on the way. Automakers are providing our customers with record-breaking choice in energy-efficient models, while also providing even safer, more environmentally friendly, affordable vehicles. The automotive industry is investing more than \$330 billion by 2025 in its commitment to vehicle electrification. EVs are an important part of our mission, both in the U.S. and around the world. The auto industry has shown its commitment to EVs, but supportive state policies, like consumer incentives, are critical to increasing EV deployment.

**Consumer Focused Policies are Critical to Maryland’s Goals**

Maryland previously set a goal of 60,000 EVs on the road by 2020 and 300,000 EVs by 2025. To date, approximately 42,000 EVs have been sold in Maryland, well short of its goals.<sup>2</sup> Long ago, Maryland also chose to follow the California Advanced Clean Car rules which are expected

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<sup>1</sup> Focused on creating a safe and transformative path for sustainable industry growth, the Alliance for Automotive Innovation represents the manufacturers producing nearly 99 percent of cars and light trucks sold in the U.S. Members include motor vehicle manufacturers, original equipment suppliers, technology and other automotive-related companies and trade associations. For more information, visit our website <http://www.autosinnovate.org>.

<sup>2</sup> <https://www.autosinnovate.org/resources/electric-vehicle-sales-dashboard>

to be updated later this year to include a requirement for 100% of all new vehicle sales to be electric in 2035. That same program will likely require sales requirements of approximately 36% in 2026 with the requirements increasing each year until the 100% ZEV requirement in 2035.

However, the Clean Car Standard does not encourage consumer demand or support Maryland's car dealerships during the transition. More work needs to be done to accomplish these goals, and it is on this point that HB 1391 can help advance the acceptance of EVs. The higher upfront cost of EVs continues to be a barrier to adoption, even as technology and battery costs are dropping. Until EVs reach cost parity with gas-powered vehicles and become widely accepted in the marketplace, targeted incentives are needed to help increase uptake and expand access to the life-cycle financial benefits of owning an EV.

### **Suggested Amendments**

While we are supportive of policies that establish financial incentives to encourage electric vehicle purchases, the following concerns with HB 1391 will limit its potential impact.

- **Funding** – Maryland should know from experience that funding for this type of program is depleted quickly. Maryland's previous excise tax incentive struggled with funding issues for years and money was even depleted before the start of the next fiscal year. Given that sales requirements will jump dramatically the state should consider increased funding to jumpstart the market.

**Price Cap** – To meet the state's longer-term climate and electrification goals, *all* EVs, regardless of price, must succeed. Discouraging the purchase of EVs, based on price and particularly at this early stage of market adoption, is not consistent with these goals. Additionally, a large percentage of EVs are leased, an increasingly preferred method for consumers to access new technology. Many of those vehicles would become ensnared in an MSRP cap, while the true cost to the purchaser through the term of the contract (e.g., total of all payments) would roughly be equivalent to 50% of the MSRP. Further, this arbitrary cap would eliminate many of the expected new EVs in the coming years, including pickups and other more capable vehicles, to the extent they exceed the price cap. We prefer the elimination of the price cap, but also recommend not reducing it any further.

We believe that Maryland can be an electrification leader – and to do so, it must make real and necessary investments in both EV incentives and EV infrastructure. Auto Innovators and our members are committed to working with Maryland to achieve the shared goals of reducing GHG emissions and increasing EV sales and believe we should do so in a smart and effective manner that provides the right signals to the consumer to choose to buy EVs.

Thank you in advance for your consideration of our views. For more information, please contact our local representative, Bill Kress, at (410) 375-8548.

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Sincerely,

A handwritten signature in black ink that reads "Josh Fisher". The signature is written in a cursive style with a prominent loop on the "F" and a long horizontal stroke on the "i".

Josh Fisher  
Director, State Affairs  
Alliance for Automotive Innovation

