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MARYLAND ASPHALT ASSOCIATION



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February 23, 2023

Delegate Kumar Barve, Chair
House Environment and Transportation Committee
Room 251 House Office Building
Annapolis, MD 21401

Delegate C.T. Wilson, Chair
House Economic Matters Committee
Room 231 House Office Building
Annapolis, MD 21401

RE: House Bill 550 – LETTER OF INQUIRY – Maryland Energy Administration – Energy Programs – Modifications (Clean Transportation and Energy Act)

Dear Chair Barve, Chair Wilson, and Members of the Environment and Transportation and Economic Matters Committees:

The Maryland Asphalt Association (MAA) is comprised of 19 producer members representing more than 48 production facilities, 25 contractor members, 25 consulting engineer firms and 41 other associate members. MAA works proactively with regulatory agencies to represent the interests of the asphalt industry both in the writing and interpretation of state and federal regulations that may affect our members. We also advocate for adequate state and federal funding for Maryland's multimodal transportation system.

House Bill 550 would make several modifications to the state's codified transportation policy as it relates to the use of the Strategic Energy Investment Fund (SEIF) to incentivize the adoption of zero-emission vehicles for both personal and commercial use throughout Maryland. Among these are the extension of the Electric Vehicle Recharging Equipment Rebate Program, the repeal of the cap that limits the Maryland Energy Administration (MEA) to issuing \$1.8 million in such rebates each year, the expansion of allowable uses for Alternative Compliance Payments, and the increase of the maximum amount of SEIF funds that can be credited to an administrative expense account.

MAA has some concerns about the bill as drafted that we would like to bring to the Committee's attention, along with some recommendations regarding elements of this issue that we believe should be a part of any such discussions. While we understand the desire to incentivize a transition to zero-emission vehicles as part of a larger strategy of combatting man-made climate change, we are concerned that this bill sets the dangerous precedent of offering up a perpetual blank check for these incentives by extending the rebate program and uncapping the amount of rebates that can be provided. What guarantee can the Committee provide that you will not simply extend this program again in 2026, instead of considering other, potentially more effective, uses for these funds?

In addition, any discussion of the transition to zero-emission vehicles would be incomplete without also considering the severe negative impact such progress will have on our Transportation Trust Fund (TTF), should a replacement revenue solution not be found in the near future. Thanks to these incentives, more and more zero-emission vehicles are hitting our roadways; however, these vehicles are not contributing

The Honorable Kumar Barve and
The Honorable C.T. Wilson
February 23, 2023
Page 2

any ongoing revenues toward the maintenance and repair of those very roads. Because their vehicles don't consume gasoline, these drivers aren't paying any gas tax, despite their vehicles generating the same wear and tear on our roadways. Before we as a state continue to drive more consumers and businesses toward zero-emission vehicles, it is imperative that the General Assembly implement some kind of ongoing tax mechanism that makes sure these drivers are paying their fair share toward the upkeep of the roads they have been driving on, so far, with impunity from taxation. Therefore, we ask the Committee to consider amending this bill or passing companion legislation to begin generating much-needed TTF revenues from this population.

We appreciate you taking the time to consider our concerns about House Bill 550.

Sincerely,

A handwritten signature in cursive script that reads "Marshall Klinefelter".

Marshall Klinefelter
President
Maryland Asphalt Association