



Maryland Motor Truck Association

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HEARING DATE: February 23, 2023

BILL NO/TITLE: House Bill 550: Maryland Energy Administration – Energy Programs – Modifications (Clean Transportation and Energy Act)

COMMITTEE: House Environment & Transportation Committee

POSITION: Support

Maryland Motor Truck Association (MMTA) recognizes the continued need to lower greenhouse gas emissions from the transportation sector. The trucking industry is fuel neutral; however, we must have access to a readily available and affordable fuel supply that meets our operational needs so that we can deliver the food, clothing, medical supplies and other products that citizen's need.

MMTA members are testing zero-emission trucks on a limited basis. Today those trucks are typically battery electric. Drivers are offering positive feedback as the trucks have less noise, lower emissions, and a smoother ride. Primarily those members are engaged in medium-duty local delivery operations where the truck returns to its home terminal each day and has access to charging.

As long as the vehicles meet a company's operational needs, the biggest hurdles to adoption are the large upfront costs and the need for charging infrastructure. Consider the real-world example offered below by one member of our organization who has ordered two heavy-duty electric tractors:

Vehicle cost:

- One electric day-cab tractor: \$400,000
- Equivalent model diesel tractor: \$130,000
- Cost difference: \$270,000

Charging infrastructure:

- One charging station equipped with two chargers: \$150,000

Currently California offers between \$120,000 - \$180,000 for a Class 8 tractor as part of its Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP). Maryland's Clean Fuels Incentive Program offered up to \$150,000 for Class 8 tractors, but the entire program budget for Fiscal Year 2023 is only \$1,300,000. By comparison, the California HVIP was allocated a total of \$569.5 million for Fiscal Year 2022.

The California Electric Vehicle Infrastructure Project indicates that charging equipment similar to that in my example above also receives an average subsidy of approximately 58%. The average cost of DC fast charging equipment is over \$114,000, with an average rebate given of just over \$66,500.

The trucking industry is made up of small businesses - 90% of companies operate six trucks or fewer. These companies cannot afford the conversion to ZEV without substantial financial assistance. If the state is serious about moving to a zero-emission truck future, it must provide the charging infrastructure and financial incentives to assist companies with doing so. Incentives and grants will play a major role in the total cost of ownership. House Bill 550 attempts to bring that total cost down by subsidizing 100% of the cost difference between a zero-emission and internal combustion engine truck.

For the reasons noted above, MMTA respectfully asks for a favorable report on HB550.

About Maryland Motor Truck Association: Maryland Motor Truck Association is a non-profit trade association representing the trucking industry since 1935. In service to its 1,000 members, MMTA is committed to support, advocate and educate for a safe, efficient and profitable trucking industry in Maryland.

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