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Position: FAV



SB 692 - Income Tax – Credit for Purchase of Zero–Emission and Hybrid Mobile Machinery

Testimony before House Ways and Means Committee

March 30, 2023

Position: Favorable with Amendments

Mdm. Chair, Mdm. Vice Chair and members of the committee, my name is Barbara Matheson, and I represent the 750+ members of Indivisible Howard County. Indivisible Howard County is an active member of the Maryland Legislative Coalition (with 30,000+ members). ***We are providing written testimony in support of SB692***, which allows for a credit against the State income tax for the purchase of certain zero-emission and hybrid heavy-duty vehicles and machinery by Maryland businesses during taxable years 2024 through 2027.

The goal of SB692 is to advance the purchase of electric or hybrid heavy-duty vehicles and equipment by end users and rental companies. American companies are inventing and building new low emission models. Consumers are interested. Some Maryland businesses are testing and piloting their use. However, the process is challenging. New models are more expensive than comparable gas and diesel vehicles. Life cycle expenses are unknown. Expense and uncertainty are a barrier to action. Acceptance and adoption take time and education. This tax credit will help mitigate upfront costs and make electric and low emissions equipment more competitive with conventional equipment. Faster rates of adoption lead to more consumer exposure and utilization.

Incentives address the urgency of Climate Solutions Now Act - net-zero greenhouse gas emissions by 2045. The Environmental Protection Agency reports greenhouse gas emissions from transportation account for about 27 percent of total U.S. greenhouse gas emissions, making it the largest contributor. Additionally, between 1990 and 2020, the transportation sector increased more in absolute terms than any other sector. This bill is a reasonable and necessary step to address the problem.

We respectfully urge a FAVORABLE WITH AMENDMENTS report.

Barbara Matheson, PhD, Columbia, MD 21044

Ed's Support Letter SB 692 As Passed By Senate.pdf

Uploaded by: Ed Noonan

Position: FAV



RE: SB 692

Position: Support as Passed the Senate

Thursday, March 30, 2023

SB 692 Income Tax – Credit for Purchase of Zero-Emission and Hybrid Mobile Machinery

Dear Chair Atterbeary and Members of the House Ways and Means Committee:

On behalf of United Rentals, I am submitting this letter in full support of SB 692 as passed by the Senate.

Today, some in the rental industry are piloting zero-emissions equipment. As with any new technology, acceptance and adoption will take some time and education.

Manufacturers are just starting to develop and introduce new zero emission equipment and it's expensive. As with any new technology, the cost of a zero emission piece of equipment is much higher than a comparable gas or diesel piece of equipment.

SB 692 provides a tax credit for the purchase of zero & hybrid emission equipment. The bill is also intended to apply to companies with rental locations in MD, employing people in MD, and paying taxes in MD.

The tax credit provided under SB 692 will help mitigate the significant upfront cost of purchasing zero emission equipment and will make the rental of zero emission equipment more competitive with comparable gas or diesel equipment. This in turn will provide a better opportunity for end users to test out the new zero emission fleet for use on their jobsites.

The sunset date on SB 692 has been amended and reduces the duration of the program from 10 to 5 years. It is our hope that during this period industry and the agency responsible for administering the program will have had adequate time to evaluate the program and possibly look to extend the program.

I urge your support in passing SB 692 as passed by the Senate.

Respectively submitted

Ed Noonan – Director of Government
Affairs United Rentals

SB 692 CBF FAV W&M.pdf

Uploaded by: Matt Stegman

Position: FAV



CHESAPEAKE BAY FOUNDATION

*Environmental Protection and Restoration
Environmental Education*

Senate Bill 692

Income Tax – Credit for Purchase of Zero-Emission and Hybrid Mobile Machinery

Date: March 30, 2023

To: Ways & Means Committee

Position: **Support**

From: Doug Myers,
Maryland Senior Scientist

Chesapeake Bay Foundation (CBF) **SUPPORTS** SB 692 which creates a tax credit for Maryland businesses that purchase Zero Emissions or Hybrid vehicles.

Maryland's ambitious greenhouse gas reduction goals can only be met with maximum participation by all sectors; public and private. The extension of a tax credit for businesses to purchase lower emissions vehicles not only incentivizes greenhouse gas reductions directly, but also sends an important market signal to manufacturers to expand, diversify and lower the prices of these vehicles for more widespread adoption.

CBF's engagement in greenhouse gas reduction policy addresses important climate science pointing out the need for rapid decarbonization of our economy as well as accomplishing reductions of nitrogen oxides from all forms of combustion that are currently contributing up to a third of nitrogen loading to the Bay.

CBF urges the Committee's FAVORABLE report on SB 692.

For more information, please contact Matt Stegman, Maryland Staff Attorney, at mstegman@cbf.org.

Maryland Office • Philip Merrill Environmental Center • 6 Herndon Avenue • Annapolis • Maryland • 21403

The Chesapeake Bay Foundation (CBF) is a non-profit environmental education and advocacy organization dedicated to the restoration and protection of the Chesapeake Bay. With over 300,000 members and e-subscribers, including over 109,000 in Maryland alone, CBF works to educate the public and to protect the interest of the Chesapeake and its resources.

SB692 Sponsor House Testimony.pdf

Uploaded by: Senator Nancy King

Position: FAV

NANCY J. KING
Legislative District 39
Montgomery County

MAJORITY LEADER

Budget and Taxation Committee

Chair
Education, Business and
Administration Subcommittee



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THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

SPONSOR STATEMENT

**Senate Bill 692 – Income Tax – Credit for Purchase of Zero-Emission
and Hybrid Mobile Machinery**

March 30, 2023

Madame Chairman and Members of the Ways and Means Committee:

In the 2022 legislative session we made changes to some programs for the purchase of zero emission vehicles and heavy equipment. While this was a step forward in promoting the use of zero emission vehicles and heavy equipment, those programs do not provide the certainty needed for businesses to plan for the multi-year procurement of equipment.

Senate Bill 692 will expand on last year's legislation by providing credit against the corporate income tax for the purchase of zero and hybrid emissions mobile machinery for use in the taxpayer's business or for rental or lease to the general public. This legislation will create the certainty needed for businesses to initiate purchases and provides a time frame for them to do it in, and reflects the reality that most contractors rent a majority of the equipment they use in their business.

Providing a tax credit for the rental industry will help offset the significant upfront cost for zero emission fleet and facilitate the adoption of this equipment by contractors and other end users in Maryland by making it more competitive with comparable gas or diesel equipment. Senate Bill 692 provides simplicity as it incorporates many of the definitions and policies from the federal Inflation Reduction Act passed in 2022, making it easier for compliance.

This legislation also includes a sunset on December 31, 2027. This follows the federal sunset dates and should be far enough out to where prices for zero-emission equipment reaches scale.

New zero-emission equipment will be costlier than comparable diesel and gas powered equipment. If we are serious about making the transition to greener technologies, we need to provide meaningful and comprehensive incentives. This legislation will encourage businesses to initiate the transition to zero emission fleet and so I respectfully request a favorable report on Senate Bill 692.

SB0692 - TSO - Income Tax Credit - LOI_FINAL_CO.pd

Uploaded by: Patricia Westervelt

Position: INFO

March 30, 2023

The Honorable Vanessa E. Atterbeary
Chair, House Ways and Means Committee
Room 131, House Office Building
Annapolis MD 21401

Re: Letter of Information – Senate Bill 692 – Income Tax – Credit for Purchase of Zero-Emission and Hybrid Mobile Machinery

Dear Chair Atterbeary and Committee Members:

The Maryland Department of Transportation (MDOT) takes no position on Senate Bill 692 but offers the following information for the Committee’s consideration.

Senate Bill 692 allows certain taxpayers a credit against the State income tax for the purchase of certain zero-emission and hybrid mobile machinery for use in the taxpayer’s businesses or for rental or lease to the general public. The credit will be available during taxable years 2023 through 2028.

The transportation sector accounts for over one-third of the greenhouse gas emissions in Maryland, and on-road vehicles represent a significant portion of emissions. To reduce emissions from vehicles on and off Maryland roads, the MDOT has worked closely with the Maryland Department of the Environment, the Maryland Energy Administration, and other key partners to implement strategies that advance the electrification of vehicles for private- and commercial-uses. Senate Bill 692 will offer an incentive for the purchase of Zero Emission Vehicles that will help promote the adoption and use of electric vehicles by Maryland businesses and residents, whether that be for on- or off-road vehicles.

Senate Bill 692 currently uses the term “Mobile Machinery” to mean a “qualified commercial clean vehicle under §45W of the Internal Revenue Code;” however, MDOT recommends “Mobile Machinery” be removed and replaced with “Qualified Commercial Clean Cars” to ensure consistency with §45W of the Internal Revenue Code and to avoid confusion with other mobile machinery.

To the extent that eligible taxpayers claim a credit on their corporate income taxes, MDOT notes that corporate tax income revenues are distributed to the State’s General Fund, The Transportation Trust Fund, and the Higher Education Investment Fund. Furthermore, the amount distributed to the Transportation Trust Fund is included in the revenues that are used to calculate the amount of highway user grants to local jurisdictions. Thus, the passage of Senate Bill 692 will reduce transportation funding available to MDOT and local jurisdictions, but the amount is unquantifiable and will depend on usage of the program.

The Maryland Department of Transportation respectfully requests the Committee consider this information when deliberating Senate Bill 692.

Respectfully submitted,

Heather Murphy
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Maryland Department of Transportation
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