



American Rental Association

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RE: HB 1181

Date: March 2, 2023

Position: Support w/amendments

**HB 1181 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 all American Rental Association (ARA) members in Maryland, I am submitting this letter in full support of HB 1181 w/amendments. This bill provides an income tax credit for the purchase of zero and hybrid mobile machinery and is critical to help facilitate the transition to more environmentally friendly construction equipment in the state.

The rental industry provides construction and industrial equipment to many different segments including contractors, manufacturers, roadbuilders, agriculture, as well as serving federal, state, and local government agencies.

As rental companies explore eco-friendly options, the cost of electric and hybrid equipment currently present barriers when compared to similar gas and diesel options. This high cost of entry makes it extremely difficult to provide rental customers with a price competitive zero emission option.

The ARA annually issues the rental penetration index. This statistic provides an estimate of the percentage of construction equipment owned by rental companies. Today, that percentage is approximately 55% and estimated to continue growing. This is due to end users continuing to use rental as a significant source of their procurement to ensure they are getting the newest, most advanced, and most efficient equipment to use on their jobsites.

It's the rental industry that will help drive change and if Maryland is serious about reducing greenhouse gas emissions, then passing HB 1181 is a significant step towards meeting that goal. We respectfully urge your favorable support.

Respectively submitted,

John W. McClelland Ph.D.

