

March 2, 2023

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

Re: Letter of Information– House Bill 1181 – 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 House Bill 1181 but offers the following information for the Committee’s consideration.

House Bill 1181 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 2032.

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. House Bill 1181 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.

House Bill 1181 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 House Bill 1181 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 House Bill 1181.

Respectfully submitted,

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