

# **HB 64 Motor Vehicle Excise Tax - Tax Credit for EI**

Uploaded by: Cait Kerr

Position: FAV

**Thursday, February 1, 2024**

**TO:** Marc Korman, Chair of the House Environment and Transportation Committee, and Committee Members

**FROM:** Cait Kerr, The Nature Conservancy, State Policy Manager; Mariana Rosales, The Nature Conservancy, Director of Climate

**POSITION:** Support HB 64 Motor Vehicle Excise Tax - Tax Credit for Electric Vehicles - Eligibility

The Nature Conservancy (TNC) supports HB 64 offered by Delegate Jazz Lewis. HB 64 will expand the state's electric vehicle tax credit eligibility to include used vehicles. The Maryland Commission on Climate Change's Mitigation Working Group has recommended including used vehicles in electric vehicle (EV) purchasing incentive programs. HB 64 represents a key step not only in reducing greenhouse gas emissions statewide, but also in enhancing equitable access to EVs and state EV purchasing incentives.

As a member of the Mitigation Working Group and the Zero Emissions Vehicles Sub Group, TNC provided funding for a study to examine and design program recommendations for accelerating light-duty zero emission vehicle adoption in Maryland. In its findings, this study recognized the importance of extending purchasing incentives, including tax credits, to used EVs. Washington state, New Jersey, and Maine offer purchasing incentives for used EVs. Both Washington state and New Jersey offer sales tax exemptions for used EVs. The federal government also offers a Federal Clean Vehicle Credit for both new and used EV purchases; combining financing, sales tax exemption, federal tax credit, and sufficient state incentives can address financial barriers to EV purchasing and target affordability.

Expanding the EV tax credit to include used EVs will provide Marylanders with limited financial resources, or other motivations for purchasing a used vehicle, with greater access to clean and affordable transportation. Direct benefits for purchasers include lower operating costs and reduced exposure to emissions. Used EV markets will continue to grow and new vehicles, EV or otherwise, are frequently unaffordable for a large portion of Maryland households. HB 64 aims to increase access to affordable and healthy mobility for car-dependent households and to ensure more equitable EV distribution.

TNC commends Delegate Jazz Lewis on introducing this bill, which increases accessibility and equity for Maryland's EV purchasing incentives.

**Therefore, we urge a favorable report on HB 64.**

# **HB 64 Testimony .pdf**

Uploaded by: Delegate Jazz Lewis

Position: FAV



THE MARYLAND HOUSE OF DELEGATES  
ANNAPOLIS, MARYLAND 21401

**HB64– Motor Vehicle Excise Tax - Tax Credit for Electric Vehicles - Eligibility**

**Thank you, Chair Korman, Vice Chair Boyce, and members of the Environment and Transportation Committee for this opportunity to testify in favor of my legislation.**

I am here today to present my legislation, HB64 which would extend the state's current tax credit for purchases of new electric vehicles to also include used vehicle purchases. This bill will incentivize greater adoption of EVs while broadening the base of people who are able to afford these cars, ultimately accelerating our transition to cleaner vehicles on the road.

This legislation will help us in the ongoing work of tackling climate change and reducing greenhouse gas emissions. Reducing the number of fossil fuel vehicles on the road is a crucial and necessary step towards meeting our greenhouse emission goal, as transportation remains one of the largest sources of pollution. With deployment of EV's, we could drastically cut those emissions that result from transit. Getting us closer to the ambitious climate goals we have set as a state.

But despite the importance of greater EV adoption, we are seeing a concerning trend that shows the deployment of EVs is actually slowing down.<sup>1</sup> That is due to a number of factors, from concerns with the range of these vehicles to the infrastructure to support EV charging. But it also has to do with costs. Many of the people who we need to replace their fossil-fueled cars with an electric vehicle simply cannot afford the costs of EVs. Though the costs are coming down as the technology becomes cheaper to produce. These vehicles remain at a premium compared to their gas-powered alternative. A premium that keeps them out of reach for many working and middle-class families. Vehicle purchasers that may be less motivated by climate concerns than those initial adopters of electric vehicles and are more concerned about the sticker price that they see at the dealership. That high price is a huge barrier for those who are open to transitioning to electric vehicles, and who we need to motivate to make that leap so that we can accelerate the mass adoption of these EVs.

This bill sets out to overcome that cost barrier by expanding the incentives we have in place to the used market. Most vehicle purchases are made in the used market.<sup>2</sup> That is

<sup>1</sup> <https://jalopnik.com/america-ev-adoption-stalls-over-high-cost-and-low-range-1850976212>

<sup>2</sup>

<https://www.statista.com/statistics/183713/value-of-us-passenger-cas-sales-and-leases-since-1990/#:~:text=Sales%20of%20used%20light%20vehicles,and%20automobiles%20were%20sold%20here.>

**JAZZ LEWIS**  
*Legislative District 24*  
Prince George's County

MAJORITY WHIP

Appropriations Committee



The Maryland House of Delegates  
6 Bladen Street, Room 151  
Annapolis, Maryland 21401  
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## THE MARYLAND HOUSE OF DELEGATES ANNAPOLIS, MARYLAND 21401

because this market is where cars are more affordable to Marylanders. Expanding the tax credit we offer for new EVs will expand the benefits of adopting electric vehicles to those who cannot afford to buy a new car, let alone a new electric car. Ultimately, this will encourage EV adoption to those on a budget and simply trying to find the most affordable option for them and their families. These are the Marylanders we should be looking at to accelerate our transition to greener vehicles.

This bill will allow us to further encourage the adoption of electric vehicles across Maryland and put them within reach of more drivers who will help us get more fossil-fueled vehicles off the road and get us within reach of the emissions goals we have set for ourselves as a state.

**For these reasons, I urge a favorable report.**

**HB0064 - FAV.pdf**

Uploaded by: Landon Fahrig

Position: FAV



# Maryland

## Energy Administration

**TO:** Chair Korman, Vice Chair Boyce, and Members of the Environment and Transportation Committee  
**FROM:** MEA  
**SUBJECT:** HB 64 - Motor Vehicle Excise Tax - Tax Credit for Electric Vehicles - Eligibility  
**DATE:** February 1, 2024

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### **MEA Position: FAVORABLE**

This bill would make used zero-emission plug-in electric drive vehicles (EVs) eligible for the excise tax credit currently permitted for new vehicles of the same type. Offering state incentives for the purchase of used vehicles aligns with the state Climate Pollution Reduction Plan as well as a recommendation made by the Commission on Climate Change in their 2023 annual report.

Advancing opportunities for the purchase of less expensive, used EVs is an important equity measure as the state moves to advance decarbonization of the transportation sector. By opening the EV excise tax credit to used vehicles, those experiencing low to moderate incomes will have a more meaningful opportunity to purchase an EV and support the state's climate goals. This also mirrors what has been done on the federal level. Pre-owned electric or fuel cell electric vehicles purchased on or after January 1, 2023, may be eligible for a federal income tax credit equal to 30% percent of the sale price up to a maximum credit of \$4,000.

According to a 2018 Morgan State University survey, EV purchasers in Maryland were predominantly white, male, and affluent, and that the EV itself had served as a symbol of status. The survey results stated:

*EV owners are white (85 percent), male (75 percent), well educated, affluent (80 percent of them have a household income greater than \$100,000), older, urban/suburban oriented and environmentally conscious... “Environmental concerns” is the most important factor for purchasing and driving an EV; “price and status” is the second most important factor; “efficiency and performance” of the EV is the third most important. EV owners with lower household income (less than \$100,000) — the remaining 20 percent — are younger, exurban/rural oriented, and concerned about price and status of the EV.<sup>1</sup>*

MEA urges the committee to support greater equity for EV sales in Maryland, and to issue a **Favorable Report.**

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<sup>1</sup> [www.morgan.edu/news/overcoming-the-inequity-of-incentives-for-electric-vehicle-ownership](http://www.morgan.edu/news/overcoming-the-inequity-of-incentives-for-electric-vehicle-ownership)

For questions or additional information, please contact Landon Fahrig, Legislative Liaison, directly ([landon.fahrig@maryland.gov](mailto:landon.fahrig@maryland.gov), 410.931.1537).



**HB0064\_MDSierraClub\_Fav30Jan2024.docx (1).pdf**

Uploaded by: Lindsey Mendelson

Position: FAV



P.O. Box 278  
Riverdale, MD 20738

**Committee: Environment and Transportation**

**Testimony on: HB0064 and “Motor Vehicle Excise Tax – Tax Credit for Electric Vehicles - Eligibility”**

**Position: Support**

**Hearing Date: February 1, 2024**

The Maryland Chapter of the Sierra Club supports HB 64. This bill extends the current tax credit offered to new purchasers of EVs to purchasers of used EVs. The transportation sector accounted for 35% of Maryland’s GHG emissions in 2020 with most emissions (82%) in this sector coming from on-road vehicles powered by gasoline or diesel. Therefore, it is imperative that we fund programs to encourage residents to transition toward utilizing clean modes of transportation.

The sale of new EVs is steadily climbing as supply and demand increase. Incentive programs of the federal government and Maryland contribute to this growth by encouraging residents to purchase EVs. Used EVs are now entering the market as vehicle leases expire and rental car fleets are upgraded. This provides the opportunity for buyers who cannot afford the cost of a new EV to purchase a used EV. The sale of used EVs increases the number of lower-income buyers, and they are more likely to live in communities that experience higher air pollution. Providing buyers of used EVs access to the same incentive as purchasers of new EVs is a matter of equity. We encourage the committee to also explore changing the program to offer point-of-sale rebates instead of a tax credit. Rebates are a better incentive, especially for lower-income buyers, because they reduce the purchase price up front.

This bill makes an important contribution in encouraging and supporting Maryland residents with all levels of resources who want to move away from using gasoline-powered cars for their transportation needs.

Karen Douglas  
Transportation Committee  
douglasdouglas@verizon.net

Josh Tulkin  
Chapter Director  
Josh.Tulkin@MDSierra.org

# **HB0064 - TSO - Motor Vehicle Excise Tax - Tax Cred**

Uploaded by: Patricia Westervelt

Position: FAV

February 1, 2024

The Honorable Marc Korman  
Chair, House Environment and Transportation Committee  
251 House Office Building  
Annapolis MD 21401

**RE: Letter of Support – House Bill 64 – Motor Vehicle Excise Tax – Tax Credit for Electric Vehicles - Eligibility**

Dear Chair Korman and Committee Members:

The Maryland Department of Transportation (MDOT) supports House Bill 64, as it supports the State’s Electric Vehicle (EV) adoption goals, advances equity and affordability in the EV market, and aligns Maryland incentives with federal EV incentives. MDOT would also like to note some considerations for the implementation of House Bill 64, as outlined below.

House Bill 64 expands the eligibility for Maryland’s vehicle excise tax credit to used zero-emission plug-in electric drive vehicles (ZEVs) and fuel cell electric vehicles (FCEVs). The expanded eligibility would apply to used ZEVs and FCEVs purchased and titled on or after July 1, 2024 through July 1, 2027. The vehicle excise tax credit is currently limited to purchase of new ZEVs and FCEVs purchased on or after July 1, 2023, through June 30, 2027.

To meet greenhouse gas reduction goals and respond to climate change, the State has a goal of 1.1 million EVs on the road by 2030. The motor vehicle excise tax credit has been an effective incentive to promote the adoption of EVs. Since the beginning of Fiscal Year 2021, Maryland has seen an increase of 260% in the number of EVs registered in the State. With over 92,000 EVs registered, EVs now make up just under 2% of all vehicles registered.

By expanding the tax credit under House Bill 64 to include used vehicles, it would help to incentivize those who would otherwise be unable to purchase a new EV, due to potential higher costs as compared to internal-combustion engine alternatives in the used vehicle market, to consider a used Z/FCEV rather than a used ICE vehicle. The Maryland tax credit would further align with the federal consumer tax credit enacted through the Inflation Reduction Act (IRA).

The bill would be strengthened if it addressed provisions associated with the federal tax credit that ensure effective and fair utilization and avoid “gaming” of the secondary vehicle market. The federal tax credit includes a provision that the buyer may not have received another used clean vehicle credit in the three years before the purchase date. The model year of the vehicle must be at least two years before the calendar year when purchased, and the vehicle may not have been previously transferred to a qualified buyer. While the existing Maryland excise tax credit prevents previous recipients from qualifying for new refunds, no such provision exists currently for used Z/FCEVs that change hands quickly as compared to federal provisions.

The Honorable Marc Korman  
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Such consideration for strengthening the proposed legislation is important given the pool of funding available compared to interest in the excise tax refund program. House Bill 64 would increase the pool of eligible vehicles qualifying for excise tax rebates by at least 21%. However, the federal credit would not affect the state refund amount, a flat sum of \$3,000 per eligible vehicle, provided via Maryland's finite sum to draw from in each fiscal year. As a result, the department's fiscal note on the proposed legislation estimated the effect would be to deplete all available Strategic Energy Investment Fund in FY24 by November 2023, without additional funding.

For these reasons, the Maryland Department of Transportation respectfully requests the Committee grant House Bill 64 a favorable report.

Respectfully submitted,

Pilar Helm  
Director of Government Affairs  
Maryland Department of Transportation  
410-865-1090

**czajka\_hb64\_013024\_fav.pdf**

Uploaded by: Mark Czajka

Position: FWA

## Subject: HB 64 – SUPPORT WITH AMENDMENTS

January 30, 2024

Environment and Transportation Committee  
Room 251  
House Office Building  
Annapolis, Maryland 21401

Dear Honorable Chair Marc Korman and Members of the Committee:

My name is Mark Czajka and I'm a resident of Charles County and the Director of MD Volt Inc., a Maryland EV club. I **SUPPORT WITH AMENDMENTS** House Bill 64 (Motor Vehicle Excise Tax - Tax Credit for Electric Vehicles - Eligibility). These are my personal views on HB 64:

- This bill should be amended to include a minimum used vehicle purchase price. My concern would be the state paying for over ½ the cost of the vehicle if the used vehicle price was, for example, \$5,000. I don't know off hand what the appropriate amount would be, but perhaps you could discuss this with the committee.
- Alternatively, the amounts under 13-815(d)(1&2) could be lowered to \$1,500 for each zero-emission plug-in electric drive vehicle or fuel cell electric vehicle purchased, \$500 for each two-wheeled zero-emission electric motorcycle purchased and \$1,000 for each three-wheeled zero-emission electric motorcycle or autocycle purchased.

If you have any questions, please feel free to contact me at 240-416-9001 or [mark@mdvolt.org](mailto:mark@mdvolt.org).

Sincerely,



Mark Czajka  
Waldorf, MD 20603