



February 6, 2025

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

HB 216: Electric Vehicles – Repeal of Excise Tax Credit and Establishment of Rebate Program
Position: Favorable with Amendments

Chair Korman:

The Alliance for Automotive Innovation¹ (Auto Innovators) appreciates the opportunity to provide the following comments on HB 216. More than 120 models of plug-in hybrid (PHEV), fully electric (BEV), and fuel cell electric vehicles (FCEV) are available now to consumers — and more are on the way. However, sales of electric vehicles (EVs) in Maryland are not growing at the rate needed to meet the requirements of the Advanced Clean Cars II (ACC II) rule which begins next year.

By 2030, the auto industry is expected to invest more than \$1.2 trillion globally in electrification, including \$129 billion that has been invested in the U.S. since 2020. This includes massive investments in critical mineral sourcing and processing, battery cell and pack production, EV research and development, certification, production, charging stations, and consumer education. In less than two years, the auto industry has significantly increased the number of electrified models, and EV options are available at a variety of price points to consumers in nearly every vehicle segment.

There is no question that the auto industry is committed to this transition. However, we cannot do it alone. The achievement of our shared objectives requires not only ongoing collaboration, but also a commitment from Maryland to sustained funding and the implementation of programs and policies that support this unprecedented transformation.

EV Sales

Through the first three quarters of 2024, 11.98% of light-duty vehicles sold in Maryland were EVs.² **To meet the regulatory obligations of ACC II in MY 2027, EV sales must more than triple over the year.** If EV sales do not increase between MY 2026 and MY 2027, the challenge in Maryland is further exacerbated in the following years: quadruple in MY 2028 (when more than half of new vehicle sales must be EVs) and quintuple in MY 2028 (when nearly two-thirds of new vehicle sales must be electric).

¹ From the manufacturers producing most vehicles sold in the U.S. to autonomous vehicle innovators to equipment suppliers, battery producers and semiconductor makers – Alliance for Automotive Innovation represents the full auto industry, a sector supporting 10 million American jobs and five percent of the economy. Active in Washington, D.C. and all 50 states, the association is committed to a cleaner, safer and smarter personal transportation future.

www.autosinnovate.org.

² <https://www.autosinnovate.org/posts/papers-reports/get-connected-q2-2024>

Under current circumstances, Maryland is not on track for compliance with the ACC II requirements. It will take a miracle for Maryland to meet these EV sales requirements. Part of the problem we have seen in Maryland is that funding for this incentive continues to fall short each year which leaves Maryland consumers unsure if the state incentive will be available to them. **At a minimum, Maryland needs to provide financial support to purchase EVs as it takes away gas-powered and hybrid vehicle options from consumers.**

Suggested Amendments

We support moving from an excise tax credit to a point-of-sale rebate which will provide consumers with money at the time of their purchase to lower the total cost of their new vehicle. Instead of the current price cap of \$50,000 for an eligible EV, we recommend removing the cap. Maryland cannot afford to pick and choose which EVs are eligible for a rebate.

As the Maryland Department of the Environment's 2023 Climate Pollution Reduction Plan³ notes, "EVs are still priced above levels that are affordable for low and moderate income consumers, so state incentives in the near term will help accelerate the adoption of EVs."⁴ The time for these incentives is now while Maryland struggles to increase its EV sales to a point that will make the ACC II requirements remotely achievable. Incentives must be available for all EV technologies, which are necessary to build a robust market for EVs and provide consumers with the maximum number of electric options. More models mean more consumer choice across all price points, with varied technologies that support the broadest array of customer needs and use cases.

In its 2023 Annual Report⁵, the Maryland Commission on Climate Change proposed a Clean Vehicle Rebate Program with annual funding of \$300 million. The current annual appropriation of \$8.25 million is obviously not sufficient.

Therefore, we recommend extending and fully funding the EV rebate so that consumers and new car dealers can be sure that the rebate is available.

We support fully the state of Maryland's efforts to promote EV adoption through funding for electric vehicle purchase and infrastructure incentives – actions necessary and critical to the state's environmental goals and increasing consumer interest in EVs. However, that requires an increased commitment from Maryland along with the policies to support consumers and businesses through this transition.

Thank you for your consideration of our position. For more information, please contact our local representative, Bill Kress, at (410) 375-8548.

³<https://mde.maryland.gov/programs/air/ClimateChange/Maryland%20Climate%20Reduction%20Plan/Maryland%27s%20Climate%20Pollution%20Reduction%20Plan%20-%20Final%20-%20Dec%2028%202023.pdf>

⁴ <https://mde.maryland.gov/programs/air/ClimateChange/Pages/index.aspx>

⁵<https://mde.maryland.gov/programs/air/ClimateChange/MCCC/Documents/MCCC%20Annual%20Report%202023/MCCC%20Annual%20Report%202023.pdf>

Sincerely,

A handwritten signature in black ink, appearing to read "Josh Fisher". The signature is fluid and cursive, with a prominent loop at the end of the last name.

Josh Fisher
Senior Director
Alliance for Automotive Innovation.