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Senator Guy Guzzone, Chairman

**Committee: Budget and Taxation**

**Testimony on: SB0912**

**Position: Favorable**

**Hearing Date: March 11, 2020**

The highest percentage of greenhouse gas emissions in Maryland is the transportation sector. Convincing new car buyers to choose less polluting vehicles will significantly decrease transportation pollution. The Climate Crisis and Education Act imposes a fee on the sale or registration of new high polluting vehicles in Maryland starting in year 2022. The policy is set up so that most new car buyers have options to buy lower polluting vehicles and thus avoid paying a pollution fee.

Commercial, agricultural, public transport and MD government vehicles not used as passenger vehicles are exempted from the fee.

In SB 912 the pollution fee requirement begins in 2022. Only vehicles with an EPA rating of 400 grams/mile of CO<sub>2</sub> or higher would meet the high pollution vehicle rating and pay a fee.<sup>1</sup> The bill language dictates that the pollution rating decreases each year by 10 g/mile. Thus, the number of vehicles classified as high polluters increases each year. Moreover, the fee charged increases by \$0.25 annually.<sup>2</sup>

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<sup>1</sup> At this rating a vehicle will produce 40 metric tons of CO<sub>2</sub> when driven 10,000 per year for 10 years.

<sup>2</sup> The fee is calculated by multiplying the pollution rating by the charge factor which is 1.25 in year 2022.

Each vehicle manufacturer produces several models and each model often has several variations. For example, Ford has 11 models and 60 variations of these models. **A central objective of this policy is to educate new vehicle buyers that lower polluting model variations exist for every model vehicle sold in Maryland and very often a non-high polluting vehicle with no fee is available.**

### Personal Story

My wife currently drives a 2011 Hyundai Santa Fe and would like to buy a new Hyundai Santa Fe. The EPA 2020 data base provides data for four variations of the Santa Fe. Only one is a high polluter: A turbo charged, All-Wheel Drive, 2.0 Liter, 4 cycle engine. The pollution fee would be \$514. However, the same car with a 2.4 Liter engine without turbo charge is available and would not be charged a fee. The moral to this story is that for thousands of vehicle models, a choice exists between nearly identical vehicles, some of which are high polluters and some of which are not high polluters. Buyers have a choice.

The table below based on 2020 EPA data provides the number of models, the number of variations of each model and the number of high polluters. Note that BMW produces 78 model variations of which only 17 are high polluters. Note also that even for the manufacturers with the highest percentage of high polluters, many low pollution cars are available.

Make	No. of Models	No. of Model Variations	High polluters (No. & percentage)
Ford	11	60	24 40%
Toyota	17	63	16 25%
Chevrolet	17	79	41 55%
Honda	11	41	7 17%
Nissan	15	37	10 27%
Jeep	6	36	19 53%
BMW	16	78	17 22%

The tables below provide details by model for Honda and Jeep.

#### HONDA

Model	Model Variations	Pollution Ratings grams/mile	No. of high polluters
Accord	7	185 – 345	0
Civic	10	248 – 280	0
Clarity	1	57	0
CR-V	3	234 – 305	0
Fit	3	246 – 286	0
HR-V	4	292 – 314	0
Insight	2	170 – 184	0
Odyssey	1	394	0
Passport	2	402 – 427	2
Pilot	4	388 – 421	3
Ridgeline	2	407 – 433	2
Total	11		7

#### JEEP

Model	Model Variations	Pollution Ratings grams/mile	No. of high polluters
Cherokee	10	345 – 432	2
Compass	4	339 – 358	0
Gladiator Pickup	2	466 – 476	2
Grand Cherokee	5	414 – 664	5
Renegade	5	328 – 379	0
Wrangler	10	411 – 459	10
Total	36		19

Revenues from the high pollution vehicle fee, estimated at \$40 million in year 2022, would be deposited in the Infrastructure Fund. High priority for use of the funds is given to rebates for electric vehicles, expansion of electric vehicle infrastructure and procurement of electric transit and school buses.