



February 11, 2020

The Honorable Delores Kelley
Chair, Senate Finance Committee
3 East
Miller Senate Office Building
Annapolis, Maryland 21401

SB 277: Vehicle Laws - Clean Cars Act of 2020 – Extension, Funding, and Reporting
Position: Favorable with Amendments

Dear Chair Kelley:

The Alliance for Automotive Innovation¹ (Auto Innovators) supports SB 277, which seeks to extend and increase the vehicle excise tax credit for the purchase of zero emission vehicles (ZEVs). It is critical for states and automakers to work together with the spirit that **“More is Better”** to develop policies that will encourage ZEV adoption. That is why we support the 100% increase in funding for the Clean Cars Program and the removal of the purchase price cap for fuel cell electric vehicles (FCEVs), and we applaud the state’s previous efforts to ensure funding for electric vehicles.

Industry Efforts to Promote EVs

Auto Innovators represents the manufacturers producing nearly 99 percent of cars and light trucks sold in the U.S. and is focused on creating a safe and transformative path for sustainable industry growth. The automotive industry is undergoing a significant technological shift, including electrification, connected vehicle technologies, and changes to ownership models. Auto Innovators’ member companies are committed to the transition to electric vehicles, and our member companies have invested billions of dollars in vehicle electrification.

¹ Formed in 2020, the Alliance for Automotive Innovation is the singular, authoritative and respected voice of the automotive industry. Focused on creating a safe and transformative path for sustainable industry growth, the Alliance for Automotive Innovation represents the manufacturers producing nearly 99 percent of cars and light trucks sold in the U.S. The newly established organization, a combination of the Association of Global Automakers and the Alliance of Automobile Manufacturers, is directly involved in regulatory and policy matters impacting the light-duty vehicle market across the country. Members include motor vehicle manufacturers, original equipment suppliers, technology and other automotive-related companies and trade associations. The Alliance for Automotive Innovation is headquartered in Washington, DC, with offices in Detroit, MI and Sacramento, CA. For more information, visit our website <http://www.autosinnovate.org>.

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Our companies are actively planning the best ways to develop, promote, and integrate electric vehicles as part of their portfolios. This includes offering over 41 electric-drive models, and many more electrified models are on their way over the next few years.

Maryland's EV Market

Maryland set a goal of 60,000 ZEVs on the road by 2020 and 300,000 ZEVs on the road by 2025. Through 2019, approximately 24,000 ZEVs have been sold, leaving the state well short of its goals. In order to provide consumers with the most options for energy-efficient, safer, environmentally friendly and affordable vehicles, the industry needs supportive markets as consumer demand has not yet matched sales ambitions set by policymakers. The best way to build these markets is through increasing consumer incentives and building out charging and refueling infrastructure. SB 277 is a step in the right direction, but much more work needs to be done.

We applaud the removal of purchase price caps for FCEVs and urge the removal of the price cap on plug-in electric drive vehicles. A large percentage of EVs are leased, an increasingly preferred method for consumers to access new technology. Many of those vehicles would become ensnared in a price cap, while the true cost to the purchaser through the term of the contract (e.g., total of all payments) would roughly be equivalent to 50% of the purchase price. Further, this arbitrary cap would eliminate many of the expected new EVs in the coming years, including pickups, SUVs and other more capable vehicles, necessary to grow the market and expand options that meet our customers' needs, to the extent they exceed the price cap. To meet the state's longer-term climate and electrification goals, all electric vehicles, regardless of price, must succeed. In order to reach the state's near-term ZEV goals, it is important to make sure we are encouraging the full breadth of electrified products to maximize customer adoption. Discouraging the purchase of these vehicles, based on their price and particularly at this early stage of market adoption, is not consistent with these goals.

We also recommend the removal of language enacted in the 2019 Clean Cars legislation. As enacted, the added provision in HB 1246 (2019) that states "*a person may not sell hydrogen as motor fuel in the state if the hydrogen was produced by natural gas reforming*" would effectively ban the sale of hydrogen fuel in the state of Maryland. **A ban on the sale of hydrogen fuel is an effective ban on the sale of fuel cell electric vehicles.**² This provision does not reflect the commitment the state of Maryland has made to build a sustainable electric vehicle market.

We support fully the state of Maryland's efforts to promote ZEV 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 – but we do not want these efforts to be hamstrung by the barriers identified above.

Thank you for your consideration of Auto Innovators' position. Please do not hesitate to contact me at jfisher@autosinnovate.org or 202-326-5562, should I be able to provide any additional information.

² As it stands, other market barriers, like bridge and tunnel restrictions continue to impede the ability to sell and operate fuel cell electric vehicles in Maryland, and we request action to address this concern quickly.

Sincerely,

A handwritten signature in black ink that reads "Josh Fisher". The signature is written in a cursive style with a prominent loop at the end of the last name.

Josh Fisher
Director, State Affairs
Alliance for Automotive Innovation

