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Senate Bill 277 – Clean Cars Act of 2020

SUPPORT (w/ Amendment)

Senate Finance Committee

February 11, 2020

Testimony By: **Mathew Palmer, Deputy Legislative Officer**

Explanation:

The purpose of the proposed legislation is to increase the penetration of consumer highway vehicles which run on electricity and produce zero harmful air emissions which contribute to climate change. Such technologies include more typical hybrid electric and all electric plug-in vehicles, but also hydrogen fuel cell vehicles which are in the early stages of penetrating Maryland's automotive market. Under the proposed legislation consumers of these vehicles may utilize a \$3,000 tax credit on purchases of all such vehicles, and a rebate on the purchase electric vehicle recharging stations. The legislation also promotes other green transportation technologies which help to reduce harmful air emissions.

The Maryland Energy Administration's ("MEA") rebate program is almost uniformly oversubscribed, which is why the proposed legislation would increase the cap on annual Strategic Energy Investment Fund ("SEIF") spending for these MEA rebates by \$600,000. In further recognition of this good policy and the growing demand which the rebate program incentives, the proposed legislation extends the authorization for this MEA program by three years.

In order to offset the lost revenue resulting from the \$3,000 excise tax credits discussed above, the proposed legislation mandates an annual \$12,000,000 transfer of SEIF dollars to the Maryland Motor Vehicle Administration ("MVA"), which administers the excise tax credit program. However, the proposed legislation also creates an innovative funding mechanism for this cost increase by tapping into Alternative Compliance Payments ("ACP") paid into the SEIF by utilities who are unable to meet their Renewable Portfolio Standard ("RPS") mandates. The Administration believes that ACPs will increase under the new RPS goals set forth in the Clean Energy Jobs Act, and the proposed legislation should funnel these excess resources into ZEVs which help to reduce the harmful air emissions from Maryland's vehicles contributing to climate change.

The Administration offers a housekeeping amendment:

on Page 5 Lines 3 - 5 "[and "]" should be stricken.

Justification:

The initial changes to Page 5 Lines 3-5 were erroneous and unintentional.

