



Maryland

DEPARTMENT OF BUDGET
AND MANAGEMENT

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HOUSE BILL 583 Climate Solutions Now Act of 2021 (Stein)

STATEMENT OF INFORMATION

DATE: February 11, 2021

COMMITTEE: House Environment & Transportation

SUMMARY OF BILL: HB 583 requires the State to reduce statewide greenhouse gas emissions by 60% by 2030 (from 2006 levels) and net-zero emissions by 2045; requires the Department of Labor to adopt new energy conservation requirements for buildings and expands and alters the applicability of “high-performance building” standards; establishes State tree-planting goals; and increases and extends energy efficiency and conservation program requirements administered by the Public Service Commission.

The bill establishes the intent of the General Assembly that 100% of light-duty vehicles in the State vehicle fleet be zero-emission vehicles by 2030. The State must ensure that, subject to the availability of funding, (1) beginning fiscal 2025 at least 50% of the light-duty vehicles purchased for the State vehicle fleet are zero-emission vehicles and (2) beginning in fiscal 2030, 100% of the light-duty vehicles purchased for the State vehicle fleet are zero-emission vehicles. These requirements do not apply to the purchase of vehicles that have special performance requirements, as specified.

EXPLANATION: The Department of Budget and Management (DBM) is charged with administering the State vehicle fleet and is responsible for developing vehicle contract specifications for presentation to the Board of Public Works for final approval. All fleets within the Executive branch are required to adhere to policies and procedures established by the State vehicle fleet office. The standards developed by DBM must, as far as practicable and feasible, be based on the lowest possible life-cycle cost of the vehicle.

In FY 2020, DBM utilized \$2.5 million in SEIF funds to purchase 74 vehicles eligible for replacement, which added 69 plug-in hybrid vehicles and five fully electric vehicles. DBM has adjusted and expanded the statewide vehicle specifications to include all available ZEVs to provide greater integration into the State fleet. Any vehicle purchase that is not a ZEV must be accompanied with a justification as to why the purchase is not a ZEV.

In general, the State purchases an average of 400-600 vehicles annually, with approximately 4,100 vehicles meeting the light duty definition of this bill. The added cost per vehicle to comply with this bill is approximately \$3,000-\$5,000, therefore, costing an average of an additional \$1 million beginning in

FY 2025 when the requirement is 50% of new vehicles purchased by the State and \$2 million in FY 2030 when 100% of new vehicles purchased by the State would be zero-emission vehicles, as required by the legislation.

While it is clear the impetus for this bill is to reduce the environmental impact of conducting State business and related activities, any requirement for the ultimate full inclusion of ZEV must address the following:

Fiscal Sustainability. ZEVs are more costly to purchase than their combustion engine counterparts and require significant monetary investment in charging infrastructure throughout the State. The technology of charging infrastructure is developing rapidly and a significant investment in the current industry standard of Level 2 charging will likely need to be modified in the near future as Level 3 charging will soon be the standard bearer. Level 3 charging technology is more efficient and less time consuming. Vehicle manufacturers are advancing the capability of vehicle batteries that can sustain Level 3 charging yearly.

Disruption to State Employee Mobility and Job Performance. The limited current availability of charging stations for State government use creates a hindrance to employees assigned ZEVs. The smaller of these vehicles are rated to roughly 250 miles of range; however, this is only under ideal usage conditions. Ideal usage conditions does not include the use of air conditioning, heating, radios, lights, or other accessories. Using such equipment reduces range significantly and requires more frequent charging. At Level 2, a minimum of 3-4 hours would be necessary to achieve a “half” charge of the vehicle’s batteries. State employees are not afforded 3-4 hours of potential downtime on a regular and continuing basis.

Limited Zero-Emission Vehicle Availability. Foreign and luxury vehicle manufacturers are introducing and have introduced a far greater array of ZEVs, to include sedans, vans and mid-size SUVs. However, domestic vehicle manufacturers are producing less variety. This is significant, as State procurement regulations require vehicle purchase contracts to be awarded to the lowest bids(s), which effectively removes the foreign and luxury manufacturers from the process and, consequently, the variety of light duty vehicles required for the State fleet, i.e. pickup trucks, cargo vans, mid-size and large SUVs.

To impose a 100%, or even 50%, ZEV purchase mandate in the 3-5 years presents challenges that appear to be insurmountable, as there is not the variety of these vehicles available on State contracts to satisfy the many and varied jobs performed by State employees. A delayed and extended timeline for implementation, with more gradual percentage increases should allow for the State to establish firm footing regarding charging infrastructure, as well as allowing domestic vehicle manufacturers the opportunity to increase their ZEV offerings.

For the foreseeable future, ZEVs vehicles should play an ever increasing role in reducing the environmental footprint of our fleet, but should not be considered as the only solution because of the inherent limitations that currently exist.

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