

January 24, 2022

The Honorable Kumar Barve  
Chair, House Environment and Transportation Committee  
Room 251, House Office Building  
Annapolis, Maryland 21401

**HB 60: New Motor Vehicles – Pollution Fee**  
**Position: Unfavorable**

Chair Barve:

On behalf of the Alliance for Automotive Innovation (Auto Innovators), we are writing to express our **opposition to HB 60**, which seeks to enact a significant tax on vehicles many people need for their daily lives and work while exempting certain vehicles from the same requirement. Focused on creating a safe and transformative path for sustainable industry growth, the Alliance for Automotive Innovation represents automakers producing nearly 99 percent of cars and light trucks sold in the U.S., major Tier 1 suppliers, as well as other automotive technology companies.

Auto Innovators and its members have been supportive of Maryland’s efforts to fund an electric vehicle incentive program, EV charging infrastructure buildout, and a host of other policies that will spur electric vehicle adoption. We are committed to the long-term goals of lower carbon transportation, and our companies are actively working to reduce greenhouse gas and criteria emissions, improve vehicle fuel economy, and increase the number of advanced technology vehicles.<sup>1</sup> Vehicles on the road today produce near-zero levels of tailpipe criteria emissions, a 99% improvement over vehicles in the 1970’s, and on average, vehicles have increased fuel efficiency by 30% since 2004.<sup>2</sup>

Auto Innovators and its members strongly oppose the establishment of an automobile feebate tax regime for a host of pressing reasons:

**Feebates burden families and small businesses that need disfavored vehicles**

Maryland residents and businesses who need trucks, vans, SUVs, or full-size cars will generally have to pay a significant new tax under HB 60. This is essentially a tax on vehicles many people need for their daily lives and work. **Our initial estimate of the impact of HB 60 shows that 46% of all MY22<sup>3</sup> vehicles may be subject to an average tax of over \$600.**

The revenue collected from this segment provides the vast majority of monies needed to fund the rebate portion of this proposal. Unlike an increase in the gas tax – wherein all drivers pay a small amount of tax at each fill-up - this one segment of your constituents will be saddled with an enormous fee. Proponents would argue that the car buyer can choose to purchase a more efficient vehicle, but this ignores the fact that someone has to pay this fee to keep the feebate structure in

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<sup>1</sup> <https://www.autosinnovate.org/posts/press-release/ev-policy-letter-to-president-biden>

<sup>2</sup> U.S. EPA. “Automotive Trends Report: Highlights of the Automotive Trends Report.” <https://www.epa.gov/automotive-trends/highlights-automotive-trends-report>.

<sup>3</sup> MY2023 has not begun yet, so the analysis is based on MY2022.

