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Committee: Environment and Transportation

Testimony on: HB689 Electric Vehicles – Repeal of Excise Tax Credit and Establishment of Rebate Program

Position: Support

Hearing Date: February 15, 2024

The Maryland Chapter of the Sierra Club supports HB 689. This bill would replace the current tax credit program for electric vehicles with a point-of-sale rebate in Fiscal Years 2026 and 2027. The bill also indicates that the administration should prioritize outreach to people that consume large amounts of gasoline, especially low- and moderate-income individuals who use more than 1,000 gallons of gasoline or diesel fuel.

Changing the tax credit program to a rebate program is a better incentive for individuals, and especially low- and moderate-income buyers, to purchase an electric vehicle because the rebate would reduce the purchase price up front. We also encourage the Committee to explore extending the rebate to the purchase of used EVs. Used EVs are now entering the market as vehicle leases expire and rental car fleets are upgraded. This provides the opportunity for buyers who cannot afford the cost of a new EV to purchase a used EV. Providing incentives for used EVs can help make electric vehicles more accessible to lower-income consumers who are also more likely to live in communities that experience higher air pollution.

The transportation sector accounted for 35% of Maryland's greenhouse gas emissions in 2020, with most emissions (82%) in this sector coming from on-road vehicles powered by gasoline or diesel. Therefore, it is imperative that we fund programs to encourage residents to transition toward utilizing clean modes of transportation. The Maryland Department of Transportation's 2024 Annual Attainment Report on Transportation System Performance included a goal of 1.1 million electric vehicles being registered in Maryland by 2030. New vehicles purchased from the rebate program would support this goal and the electric vehicle sales requirements of the Advanced Clean Cars II program that are needed to meet our climate targets.

HB 689 makes an important contribution in encouraging and supporting Maryland residents with all levels of resources who want to move away from using gasoline-powered cars for their transportation needs. We urge the Committee to provide a favorable report.

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Founded in 1892, the Sierra Club is America's oldest and largest grassroots environmental organization. The Maryland Chapter has over 70,000 members and supporters, and the Sierra Club nationwide has over 800,000 members and nearly four million supporters.