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Committee: Finance
Testimony on: HB 1391 – “Clean Cars Act of 2022”
Position: Favorable with amendments
Hearing Date: March 31, 2022

The Maryland Chapter of the Sierra Club supports HB 1391 as amended and passed by the House, and believes the bill would be further improved with two more amendments. The bill would extend and alter the vehicle excise tax credit for the purchase of zero-emission vehicles; establish a medium and heavy-duty zero-emission vehicle grant program; place a lower maximum total purchase price on a zero-emission vehicle that would make it be eligible for an excise tax credit; and transfer from the Strategic Energy Investment Fund (SEIF) the amount needed to offset a reduction in revenue from the vehicle excise tax credit for qualified zero emission vehicles and zero-emission heavy equipment property. In addition, grants would be available for zero-emission medium or heavy-duty vehicle recharging or refueling equipment, as well as for zero-emission mobile heavy construction, earthmoving or industrial equipment.

Providing an excise tax credit or grant to encourage the purchase of zero-emission plug-in electric drive vehicles, including zero-emission medium and heavy-duty trucks and mobile heavy construction equipment, makes sense because the vehicles would emit no greenhouse gas or toxic pollution from their tailpipes and have much lower fuel and maintenance costs. This is important because transportation is now the largest contributor to climate-damaging greenhouse gas emissions. Toxic emissions from vehicle tailpipes, especially from trucks, are linked to various cancers, heart disease, asthma, emphysema, and premature death. Vehicle tailpipe emissions also contribute to ozone, smog, and acid rain. More than 85% of Marylanders live in counties that do not meet federal clean air standards for ozone.

One amendment we propose would remove fuel cell electric vehicles from being eligible to receive an excise tax credit. Fuel cells are powered by hydrogen, which today is produced in ways that generate greenhouse gases -- when hydrogen is removed from methane, through leaks of methane (which is far more damaging to the environment than carbon dioxide), or when fossil-fuels are used to power the hydrogen production process. So, until most hydrogen is produced using renewable energy, fuel cell electric vehicles cannot be considered zero-emission and should not be eligible for an excise tax credit.

The second amendment we propose would specify that the reimbursement of vehicle excise tax credits to the Transportation Trust Fund not be paid from the SEIF and instead be funded elsewhere in the budget. The SEIF is a critically important program in responding to the climate crisis. The state is moving away from fossil-fuel generated electricity to clean, renewable wind and solar energy. As this occurs, it is important to provide support for workers and communities affected by this transition. We strongly request the SEIF be used to fund a fossil fuel workforce and community transition account to support workers and communities facing the closure of fossil fuel power generators, and not for excise tax credits.

In summary, passage of HB 1391 as amended and passed by the House, especially if it includes the two amendments described above, would be good for public health, the environment, and workers and communities affected by the transition to renewable energy. We urge a favorable report on the House-passed bill with the amendments we propose.

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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.