

## Draft MWG Recommendations for the MCCC's Consideration

September 11, 2023

The following are draft recommendations of the Maryland Commission on Climate Change's (MCCC) Mitigation Working Group (MWG). This document should not be construed as final recommendations. Additional information on select EV recommendations can be found in a [report](#) by Energetics & VEIC.

### Recommendation 1: Create the following incentives to help Marylanders buy new and used EVs

		New EV	Used EV
<b>Federal Clean Vehicle Credit</b> <i>Existing (included here for reference)</i>	Incentive	<b>Up to \$7,500</b> (can be a point-of-sale rebate starting in 2024)	<b>Up to \$4,000</b> (can be a point-of-sale rebate starting in 2024)
	Eligibility	Individuals, businesses, and tax-exempt organizations	Individuals
	Income Limits	\$300,000 for married filing jointly; \$225,000 for heads of households; \$150,000 for all other filers	\$150,000 for married filing jointly; \$112,500 for heads of households; \$75,000 for all other filers
	EV Price Limits	\$80,000 for a van, SUV, or pickup; \$55,000 for other light-duty vehicles	\$25,000 for any light-duty vehicle
<b>Maryland Clean Vehicle Credit</b> <i>Proposed</i>  Budget: TBD	Incentive	<b>\$2,500</b> point-of-sale rebate ( <b>up to \$10,000 federal + state</b> )	<b>\$1,000</b> point-of-sale rebate ( <b>up to \$5,000 federal + state</b> )
	Eligibility/Limits	Same as federal (if you qualify for federal, then you qualify for state)	
	Implementation	The forms used for the federal incentive would also be accepted for the state incentive. The state would refund the dealer.	
<b>Low-to-Moderate Income Bonus</b> <i>Proposed</i>  Budget: \$155M per year for four years, which provides 31,000 to 51,000 incentives per year to LMI households, aligned with ACC II sales projections	Incentive	<b>\$5,000</b> point-of-sale bonus rebate ( <b>up to \$15,000 fed + state + bonus</b> )	<b>\$3,000</b> point-of-sale bonus rebate ( <b>up to \$8,000 fed + state + bonus</b> )
	Eligibility	Individuals only	
	Income Limits	Up to 80% of Area Median Income (\$0-\$90k/year for a 4-person household)	
	EV Price Limits	Same as federal	
	Implementation	The state would mail instant rebate coupons to qualified households based on the previous year's tax returns. Dealers would accept a coupon if the address printed on the coupon matches the address on the buyer's driver's license. The state would refund the dealer.	
<b>Superuser Bonus</b> <i>Proposed</i>  Budget: Pilot it with \$5M in the FY25 budget and allow some funding to be used for program administration and evaluation	Incentive	<b>\$5,000</b> point-of-sale bonus rebate ( <b>up to \$15,000 fed + state + bonus</b> )	<b>\$3,000</b> point-of-sale bonus rebate ( <b>up to \$8,000 fed + state + bonus</b> )
	Eligibility/Limits	Same as federal (if you qualify for federal, then you qualify for state)	
	Implementation	An applicant would demonstrate with a CARFAX report that they use at least 800 gallons of fuel per year based on the average miles driven over their ownership of the trade-in vehicle multiplied by the fuel efficiency (miles per gallon) of the trade-in vehicle. The state would scrap trade-in vehicles that get less than 30 miles per gallon. The state would provide trade-in vehicles that get at least 30 miles per gallon and pass Maryland vehicle safety inspection with no/minor repair work to low-income families in need.	

## **Recommendation 2: Create a Fleet Electrification Technical Assistance Program**

The state should provide grants of up to \$20,000 to the owners of small fleets (10-199 vehicles) to support the transition to EV fleets. Grants would be scaled based on the size and complexity of the fleet. Grants would cover up to 100% of the cost of assessing the current fleet, recommending EVs and charging solutions to fit the needs of the fleet, developing an electrification and financing plan with the fleet manager, writing applications for grant and financing solutions, and offering other support needed for implementing the plan.

The state should provide \$2M in the FY25 budget for this program. The program administrator should allocate grants in each geographic region of the state, give preference to small businesses based in Maryland, and promote the Superuser Bonus to high-mileage fleets.

## **Recommendation 3: Create a Dealer Engagement Program**

The state should provide grants of up to \$50,000 to help independent used car dealerships install EV chargers on-site so they are ready to sell EVs. Dealers must make chargers available for public use, so each charger would become part of Maryland's public EV charging network.

The state should also provide a \$200 incentive to car salespeople who sell EVs since it is faster and easier to sell gas-powered vehicles. The incentive would compensate salespeople for the extra time it may take to sell EVs until customer familiarity with EVs increases. Salespeople must participate in a training program that is approved by the state before becoming eligible to receive the incentive.

The state should provide \$5M per year for three years for the incentive program and \$1M per year for three years for the EV readiness program.

## **Recommendation 4: Create a tax credit for low-income car-free Marylanders**

The state should provide a \$1,000 tax credit for low-income Marylanders (income limits to be determined by the legislature) who do not own or lease personal vehicles.

## **Recommendation 5: Provide an EZPass discount to EV drivers**

The state should provide a 50% discount on toll rates paid by EZPass accounts registered to EVs. The discount would begin in FY25 and run for four years as an early adopter incentive. The estimated cost to the state is \$57M in lost revenue from passenger cars and \$36M in lost revenue from commercial vehicles over four years.

## **Recommendation 6: Develop EV and V2G readiness standards**

The state currently requires new single-family detached homes, duplexes, and townhouses to be constructed with EV-ready (wired) or EVSE-installed (wired with charger) parking spaces. The state should require new multifamily and commercial buildings to be constructed to meet at least EV-ready standards upon completion of a study by MEA on this topic. The state should further require and provide support for existing multifamily buildings to install EV chargers that are accessible to building tenants.

When setting standards, the state should require that the wiring installed for EV chargers be of a sufficient gauge to be ready for vehicle-to-grid (V2G) bidirectional charging. The current practice of installing 8 gauge wire for one-directional charging limits the ability of EVs with bidirectional charging to backflow power to the home/building/grid. Wire gauge standards should also be included in the requirements for projects that would be eligible to receive state funding for EVSE installations. Installing the right gauge wire now could prevent expensive rewiring projects in the future.

Recommendations 7-12 were submitted by MWG member Elizabeth Bunn

**Recommendation 7: Implement the Advanced Clean Trucks rule**

The state should ensure the adoption and implementation of the Advanced Clean Truck Rule, which requires manufacturers to increase the sale of zero-emissions trucks and school buses in Model Years 2027 through 2035.

**Recommendation 8: Implement the Advanced Clean Cars II rule**

The state should ensure the adoption and implementation of the California Advanced Clean Cars II standards, which require that an increasing percentage of new vehicles sold are zero-emissions starting in Model Year 2027.

**Recommendation 9: Adopt the Heavy-Duty Omnibus (Low NOx) regulation**

The state should adopt the Heavy-Duty Omnibus (low NOx) Regulation that would limit toxic air pollution from diesel trucks and buses and require that new diesel trucks reduce their NOx emissions 90% by 2027. While technically not addressing greenhouse gas emissions, this Regulation is critical as a matter of equity and public health and closely related to mitigating greenhouse gas emissions.

**Recommendation 10: Transition locally operated transit systems to zero-emissions buses**

Beginning in 2025, the state should require the procurement of zero-emissions buses for locally operated transit systems (LOTS) and couple this requirement with assistance to local systems through direct grants or support for local systems to secure grants from other sources (e.g. federal IIJA programs). The same training and worker protections contained in the state legislation governing the MTA zero-emission bus transition should apply.

**Recommendation 11: Support and enforce the 2025 electric school bus mandate**

As codified in the Climate Solutions Now Act, the state should allocate funding to the MDE Zero Emission Vehicle School Bus Transition Grant Program, prioritizing schools with the greatest needs. The state should also create a multi-agency and stakeholder working group (including utilities, PSC, parent-teacher-student organizations, worker organizations and school districts) to support and accelerate the deployment of electric school buses by providing technical assistance for securing federal funds and other financial aid mechanisms.

**Recommendation 12: Transition to electric MARC trains**

MTA should transition away from diesel-fueled trains running on the MARC lines to electric-powered trains for completion by 2035.

Recommendation 13 was submitted by MWG Co-Chair Kim Coble

**Recommendation 13: Allow the state to regulate greenhouse gas emissions from manufacturing**

The General Assembly should repeal the provisions established by the Greenhouse Gas Emissions Reduction Act (GGRA) of 2009 that prohibit the state from requiring greenhouse gas emissions reductions from the state's manufacturing sector or causing a significant increase in costs to the state's manufacturing sector. The GGRA required an independent study by an institution of higher education on this topic. The University of Maryland completed that study in 2022 and found that "reducing emissions from the manufacturing sector not only offers economic opportunities but also solidifies Maryland's position as a climate leader. By including the manufacturing sector in state climate targets and regulations, and taking advantage of federal support, policymakers can facilitate the sector's low-carbon transition through market- and non-market-based policy mechanisms." In 2023, the Maryland's Climate Pathway report showed that reducing emissions from the manufacturing sector is critical for achieving the state's emissions reduction goals.

Recommendations 14-20 were submitted by MWG member Tom Ballentine

**Recommendation 14: Create a prescriptive pathway for BEPS compliance**

The state should consider the life cycle of building systems and building monetizing events (refinancing, time of sale) in BEPS compliance schedules by creating a prescriptive pathway that provides an interim compliance status qualified by deploying a set of building emissions reduction practices that result in a 5–7-year simple return on investment.

**Recommendation 15: Allow offsets in BEPS**

The state should create a mechanism for BEPS Covered Buildings to use offsets or credits for a portion of required emissions reductions.

**Recommendation 16: Align BEPS requirements with availability of federal and state funding**

The state should adjust building level BEPS requirements and timetables to be commensurate with availability of and eligibility for federal and state funding.

**Recommendation 17: Create a real property tax deduction for decarbonization improvements**

The state should create a real property tax deduction for decarbonization expenses and exemptions from recordation and personal property taxes for decarbonization and equipment.

**Recommendation 18: Dedicate increased tax revenues to support BEPS compliance**

The state should dedicate X% of increased commercial real property and recordation tax revenues to fund building level BEPS compliance.

**Recommendation 19: Aligns EV infrastructure incentives with owner/tenant responsibilities**

The state should align EV infrastructure incentives with building owner, condo association and commercial tenant responsibility to install charging infrastructure.

**Recommendation 20: Provide funding for EV readiness projects**

The state should provide funding for utility side infrastructure and tariff provisions that defer payment for make ready capacity.