

2022 Joint Legislative Budget Hearing on Transportation
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TESTIMONY of
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Thank you for the opportunity to provide testimony on the proposed Executive Budget on behalf of the Alliance for Clean Energy New York (ACE NY). We are a broad coalition dedicated to promoting clean energy, energy efficiency, transportation electrification, a healthy environment, and a strong economy for the Empire State, and is New York's premier advocate for the rapid adoption of renewable energy, energy efficiency and transportation electrification technologies. Our members include renewable energy, energy efficiency companies, and companies that manufacture electric vehicles or electric vehicle charging infrastructure or otherwise support the electrification of transportation. You can learn more about ACE NY at www.aceny.org.

This testimony will focus on our support of the Governor's proposal to electrify the school bus fleet and additional actions the State should take in the State Budget to speed our transition to electric vehicles. ACE NY also submitted written testimony on the school bus proposal at the education budget hearing. I will briefly highlight the importance of electrifying our school bus fleet.

Electric vehicles (EVs) produce zero-tailpipe emissions. They are cheaper to maintain. It is also possible that as more car chargers are installed, electricity delivery rates could drop for all consumers, since there would be more electric customers over which to spread the delivery costs. Technological advances are rapidly reducing the cost of electric cars, and more and more electric vehicle types are becoming available to consumers. Still, despite these market drivers, and New York programs such as ChargeNY and EVolve NY, other states like Massachusetts and Oregon are outpacing New York in the transition to transportation electrification. Our recent paper titled, *Building Clean Energy in NY: The Case for Electric Vehicle Deployment Policies*¹ issued in May 2021 describes the key barriers to continued EV market development including:

- High relative upfront costs for electric vehicles;
- Lack of consumer awareness of electric vehicle options;
- Limited charging infrastructure, or consumer anxiety about charging infrastructure; and
- Electricity rate design that serves as a barrier to installation of fast chargers.

ACE NY supports a number of legislative and policy changes to overcome these barriers and advance EV use in New York State. Last year saw the enactment of two major laws that will speed transportation electrification. We thank you for your work on S.2758 (Harckham)/A.4302 (Englebright) which will require all new vehicles to be zero emission starting in 2035, and on S.3929

¹ *Building Clean Energy in NY: The Case for Electric Vehicle Deployment Policies* can be found at <https://static1.squarespace.com/static/5c34c6b685ede137995b2e5d/t/60a551ddba05500910810a5f/1621447137355/EV+White+Paper+Final+May+2021.pdf>

(Kennedy)/A.3876 (Cusick) which directs the Public Service Commission to work with utilities to adjust rates for fleet charging making it more cost effective to operate medium and heavy-duty trucks.

This testimony will discuss provisions in the Governor's budget that we support, and other provisions that we feel should be included in the final State budget to ensure that New York State can meet its climate goals and protect the public health of our residents.

Electric School Buses - Part B of S.8006/ A.9006

In New York State, the largest source of pollution that causes global climate change is transportation. Diesel emissions from buses are a major contributor to local air pollution, adversely impacting human health particularly in low income and communities of color.² More than 10% of school buses in the U.S. are registered in New York State, and they transport over 2 million children per day.³ The reduction of transportation emissions through electrification is crucial to improving air quality and children's health, and reducing greenhouse gas emissions as required under the Climate Leadership and Community Protection Act (CLCPA), which requires the state to limit greenhouse gas emissions by 40% by 2030 and 85% by 2050.

ACE NY supports the Governor's proposal to achieve 100% electric school buses in New York by 2035 in Part B of the Education Article VII bill (ELFA) (S.8006/ A.9006). The ambitious but achievable 2027 target for all new school bus sales to be electric will help the State meet its emissions reductions required by the Climate Leadership and Community Protection Act and remove some of the heaviest polluting vehicles from our streets. Electric school buses carry enormous potential economic, climate and health benefits. We are asking the Legislature to accept portions of Part B and modify others.

Amendments to Part B of S.8006/ A.9006

As you work in the coming weeks to hammer out the details of electric school bus incentives within the FY 2022-2023 Budget, ACE NY offer the following suggestions and additional context for you to consider:

- **Ensure Schools Have Immediate Access to Robust Incentives:** while the federal Infrastructure Investment and Jobs Act and state Bond Act money may eventually help fund these incentives for electric school buses, the timing for those funding streams' availability is not clear. Especially if school districts are to begin pilots now and start purchasing electric school buses to meet the governor's 2027 target for all new school bus sales to be electric, those school districts need to have access to those incentives in the coming months. A state appropriation of at least one year of incentive funding will ensure the funds are available immediately.
- **Prioritize Incentives to School Districts Most in Need:** A critical piece of the process to make 100% adoption by 2035 realized is providing more than just traditional transportation

² Adopting Clean Fuels and Technologies on School Buses. Pollution and Health Impacts in Children | American Journal of Respiratory and Critical Care Medicine (atsjournals.org)

³ Asthma and Attendance in Urban Schools (cdc.gov)

aid available to districts as they transition to electric school buses. This extra aid will soften the financial blow of these required purchases and allow districts to make these important investments. As is outlined in a bill we actively support, S.5268/ A.6754, ACE NY and our partners recommend an incentives program that gives the most aid to the school districts who are most in need of support, as measured by the level of financial aid that a school district received in the previous fiscal year.

- **Utilize Existing School Aid Systems for Distributing Incentives:** As is proposed in S.5268/ A.6754, ACE NY support bus and charging infrastructure incentives being distributed via the same avenues for school aid that districts already use for applying for and receiving state aid, rather than requiring school districts to apply for special grants from other agencies.
- **Lease Term Extension:** The Executive proposal increases the length of allowable procurement terms for electric school buses, whether leased or purchased, from five to ten years. This is a needed change but increasing this option further to fifteen years will allow districts even more latitude and flexibility in negotiating for favorable terms when procuring these buses. Because electric school buses have cheaper fuel and less repairs, the more you spread the costs over time the more comparable the total cost of ownership is to a diesel bus.
- **Sales Tax Exemption:** School districts also utilize school bus contractors to transport their students. S.5268/ A.6754 offers a state sales tax exemption for the purchase of electric buses for school bus contractors, which is already the case for district-owned school buses. These private contractors should also receive an incentive to transition their fleet to zero-emission buses.

Direct Sales of Electric Vehicles

ACE NY asks that the provisions of S.1763/A.4614 be included in the final State budget. This bill will allow manufacturers of only electric vehicles to sell their EVs in New York at retail locations.

Presently, there is a statewide cap certifying only five retail locations to sell EVs in New York, all of which are currently located downstate. The bill removes the ceiling on the number of certificates of registration, enabling entities who manufacturer or assemble zero-emission vehicles to open their own direct sales retail stores in the state. This change would have no cost to New York State's General Fund and will boost the number of EV retailers in the State, increase state and local sales tax revenues, create hundreds of new jobs, and make shopping for electric vehicles easier for New Yorkers.

The purpose of this bill is to expand competition in the Zero-Emission Vehicle (ZEV) market and increase the location of sales centers, making these vehicles more accessible to all New Yorkers. This bill would increase the number of companies that can become certified ZEV sellers. As the ZEV market matures and more manufacturers, including Rivian and Lucid, are offering a range of vehicles. It is important that New York State consumers have easy access to purchase the ZEV of their choice within New York State.

In addition, the expansion of ZEV sales will result in new jobs and increased sales tax revenue across the State. In looking at data from the National Automobile Dealers Association, it reveals that in states

where franchised dealerships have coexisted with manufacturer-to-consumer sales, dealerships profits and employment rates have exceeded the national average.⁴

In addition to our emission reduction goals in the CLCPA, New York has also committed to putting 850,000 ZEVs on the road by the end of 2025 and 2 million ZEVs by the end of 2030, when it signed the ZEV MOU with other Northeast states. As of January 2022, New York had only reached 10.7 percent of that goal.

We urge the Legislature to lift the cap on direct sales of electric vehicles in the State Budget.

Exempt Electric Vehicles from Sales Tax

ACE NY asks the Legislature to consider including S.4476 (Jackson)/A.4761-A (Fahy) in the enacted State budget. The bill provides a state sales tax exemption on the first \$35,000 of battery, electric, or plug-in hybrid EVs purchase, and authorizes local governments to elect to do the same. This bill will help to reduce the upfront cost of purchasing or leasing an EV, a critical barrier to EV adoption.

Our Building Clean Energy in NY: The Case for Electric Vehicle Deployment Policies⁵ issued in May 2021 found that one of barriers to EV adoption is upfront costs. A sales tax exemption, which is given at the time of purchase is seen by the customer as an instant discount on the total price of an electric vehicle. Sales tax exemptions have been a proven policy to drive sales.

Create a Clean Fuels Standard

ACE NY supports the adoption of a clean fuel standard (CFS) to reduce the carbon intensity of transportation fuels while also achieving air quality benefits and asks that provision like in S.2962-A (Parker)/A.862-A (Woerner) be included in the enacted State budget. Under this policy, entities must meet the standard by producing or purchasing low carbon fuels. The switch to low carbon fuels achieves carbon dioxide emissions and co-pollutant reductions from the sector, especially in the short-term. The clean fuel standard will encourage transportation innovation as well as investment and sustainable funding for electric vehicles.

A CFS would act as a catalyst in drastically reducing GHG emissions from New York State. The nature of the credit trading system promotes investment and innovation in low-carbon and clean fuels, and electric vehicle technologies. This system would also decrease costs for businesses looking to switch to clean transportation, providing better opportunity for the industry's growth.

In addition, this bill would have substantial public health benefits. Petroleum-based fuels emit three common pollutants associated with a wide range of negative health effects. Elevated exposure to

⁴ Annual Financial Profile of New-Car Dealerships 2020 National Auto Dealership Association [DownloadAsset.aspx \(nada.org\)](#)

⁵ *Building Clean Energy in NY: The Case for Electric Vehicle Deployment Policies* can be found at <https://static1.squarespace.com/static/5c34c6b685ede137995b2e5d/t/60a551ddba05500910810a5f/1621447137355/EV+White+Paper+Final+May+2021.pdf>

particulate matter, nitrogen oxides, and ozone results in an increase of hospitalizations and premature deaths. Modelling done to evaluate how business-as-usual air pollution and public health would be transformed by 2050 in California through measures including the adoption of low-carbon technologies found that 1,537-2,758 deaths would be avoided annually, which is the equivalent of a 54-56% reduction in the air pollution mortality rate relative to 2010 levels.⁶

Expand Charging Infrastructure

Building Clean Energy in NY: The Case for Electric Vehicle Deployment Policies⁷ found that insufficient charging infrastructure in convenient locations is a critical barrier to EV adoption. Visible and publicly available infrastructure is needed to assuage range anxiety. We are supportive of the recommendations for improvement in the Comptroller's recent audit of the New York Power Authority's (NYPA) EVolveNY program. NYPA should encourage the public entities it has as customers to install publicly available fast chargers. The build out of public infrastructure, with highly visible and consistent signage and labelling, will also signal to consumers the ease and convenience of charging, increasing the likelihood of greater EV adoption.⁸ EVolveNY should also develop a formal marketing strategy to increase awareness of the benefits of owning an EV and the ease of charging.⁹ By raising consumer awareness around EV options and the benefits these vehicles offer, New York could increase the utilization of its many existing programs meant to accelerate EV adoption in the state.

Demand charges, which are calculated based on the highest peak usage of electricity, can also serve as a disincentive for investment and deployment of Level 3 fast charging infrastructure, especially in the early development of EV market. Electricity demand at direct current fast chargers (DCFCs) is generally a high peak and with current low utilization rates, demand charges can undermine the financial viability of these stations, especially if station operators are not able to manage charging load through scheduling or technology.^{10,11} Managing demand charges can also be a particular challenge for medium- and heavy-duty fleets.¹² We are hopeful that the recently signed legislation by Senator Kennedy (S.3929) and Assemblyman Cusick (A.3876) will result in the PSC directing utilities to

⁶ Zapata, C. et al, "Low Carbon Energy Generates Public Health Savings in California," *Atmos. Chem. Phys.*, 18, 4817–4830, <https://doi.org/10.5194/acp-18-4817-2018>, 2018.

⁷ *Building Clean Energy in NY: The Case for Electric Vehicle Deployment Policies* can be found at <https://static1.squarespace.com/static/5c34c6b685ede137995b2e5d/t/60a551ddba05500910810a5f/1621447137355/EV+White+Paper+Final+May+2021.pdf>

⁸ ICCT, *Literature review of electric vehicle consumer awareness and outreach activities* (March 21, 2017), https://theicct.org/sites/default/files/publications/Consumer-EV-Awareness_ICCT_Working-Paper_23032017_vE.pdf

⁹ New York Power Authority: Selected Management and Operations Practices 2020-S-38 February 2022 Office of the New York State Comptroller [New York Power Authority: Selected Management and Operations Practices \(state.ny.us\)](https://www.nysenate.com/legislation/bills/2022/38)

¹⁰ Joint Utilities of New York, *EV Readiness Framework* (March 2018), https://jointutilitiesofny.org/sites/default/files/JU_NY_EV_Readiness_Framework_March_18.pdf

¹¹ ZEV Action Plan for 2018-2021, <https://www.nescaum.org/topics/zero-emission-vehicles/multi-state-zev-action-plan-2018-2021-accelerating-the-adoption-of-zero-emission-vehicles>

¹² AEE, *EVs 101: A Regulatory Plan for America's Electric Transformation Future* (September 2018), https://info.aee.net/hubfs/EV%20Issue%20Brief_PDF_9.20.18.pdf

propose new, well-designed rate structures for EV fast charging in the near-term, especially for specific sectors including fleets, workplaces, and residential areas.

Thank you for the opportunity to provide input on the Transportation Budget. ACE NY is extremely supportive of provisions in Part B of the Education Budget and excited for the health and environmental benefits it will bring to our state. We ask that additional provisions be added to the enacted budget to hasten our transition to electric vehicles. Please let us know if we can be of any assistance