



Good for the Economy.  
Good for the Environment.

## Testimony of E2 (Environmental Entrepreneurs) Before the Joint Legislative Public Hearing on the Transportation Portion of the Proposed Executive Budget for New York

State Fiscal Year 2022-23

February 15, 2022

Thank you for the opportunity to provide comments on the Governor's SFY 2022-23 Executive Budget proposal and for the state's leadership on climate action.

I am writing on behalf of E2 (Environmental Entrepreneurs) and our network of over 500 business leaders who live or work in New York State, to express strong business support to amend the State Budget for explicit inclusion of Direct Zero-Emission Vehicle Sales and the Green Transit, Green Jobs legislation in the one-house budget. Climate action is an economic imperative, and these policies are good for the economy and good for the environment.

E2 is a national, nonpartisan group of business leaders, investors, and other professionals from every sector of the economy who advocate for smart policies that are good for the economy and good for the environment. Our members have founded or funded more than 2,500 companies, created more than 600,000 jobs, and managed more than \$100 billion in venture and private equity capital.

E2's community of business leaders work throughout the state's economy and understand that climate change is a business risk. E2 members also understand that climate action is the greatest economic opportunity of the 21<sup>st</sup> century. Thanks in part to past smart clean energy policies, New York's clean energy economy employs New Yorkers in all 62 counties. In fact, as shown by E2's recent Clean Jobs America 2021 report, New York ranks third in the nation for clean energy jobs with more than **153,000 New Yorkers working in the clean energy industry today**.<sup>1</sup> However, these clean energy jobs represent only a fraction of New York's true job creation potential in clean energy. Transportation represents New York's largest source of greenhouse gas emissions, and meaningful action to decarbonize the state's transportation sector not only takes advantage of an important economic development opportunity but is paramount to mitigating the economic impact a changing climate.

Last year saw progress with New York successfully passing legislation to transition the state to 100 percent zero-emission vehicle (ZEV) sales starting in 2035; adopt regulations to steadily increase the number of zero-emission medium and heavy-duty vehicles (MHDV) available for purchase starting with Model Year 2025; and ensure utility rate design can integrate new loads from transportation electrification in a way that optimizes the grid and puts downward pressure on

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<sup>1</sup> E2 (Environmental Entrepreneurs). Clean Jobs America 2021. April 19, 2021. <https://e2.org/wp-content/uploads/2021/04/E2-2021-Clean-Jobs-America-Report-04-19-2021.pdf>

rates for all customers. While this is an important start, more near-term legislation is needed in order to achieve the 2030 Climate Leadership and Community Protection Act (CLCPA) goal to reduce greenhouse gas emissions by 40 percent over the next 8 years.

We recommend the following legislation be included in the one-house budget to achieve these near-term emission reduction targets and to increase the economic benefits of climate action in New York State:

**Direct Zero-Emission Vehicle (ZEV) Sales – S.1763 (Kaminsky) / A.4614 (Fahy)**

With light-duty vehicles accounting for 82 percent of New York’s on-road vehicle emissions, allowing for direct ZEV sales is a near-term solution to address ZEV availability and promote clean vehicle market penetration today.

Currently, there is wide-spread consumer demand for ZEVs but also a need for greater market flexibility to meet this demand. Unfortunately, the New York state law restricting direct ZEV sales is a significant impediment to wide-spread ZEV adoption within the state.

These laws on direct sales were adopted in 2014—the same year New York signed the ZEV MOU committing to put 850,000 ZEVs on the road by the end of 2025—and restricted ZEV-only manufacturers from selling directly to customers. The effects of the law are evident. In 2020, New York had only reached 3 percent of the ZEV MOU goal with franchised dealerships having sold only 1,896 ZEVs while Tesla, the only ZEV manufacturer currently allowed to sell directly to customers in the state, sold 10,220—more than five times the total sold by all 848 franchised dealers in New York combined.

Allowing for direct sales is budget neutral but requires legislative action. This legislation would accelerate not only the light-duty ZEV market but also the MHDV market, which would complement recently adopted State actions like the Advanced Clean Trucks (ACT) rule and the Transition to 100 percent ZEVs by 2035 and by 2045 for MHDV. States with no direct sales cap saw higher electric vehicles sales. For example, Florida—a state with no direct sales cap—saw 60 percent higher ZEV sales than New York in 2020.<sup>2</sup>

**Green Transit, Green Jobs – S.3535B (Kennedy) / A.3090 (Dinowitz)**

With the public transit sector not covered by the ACT rule, the Green Transit, Green Jobs bill is important complementary legislation to address these additional, heavy-polluting vehicles.

By requiring public transit systems to purchase only zero-emission buses and equipment starting in 2029—as they replace their existing fleet through the standard replacement timeline—this legislation would reduce pollution and capitalize on existing technologies to drive market growth for local clean energy jobs in manufacturing, software development, and a wide array of jobs to meet our infrastructure needs, such as construction workers, maintenance crews and electricians.

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<sup>2</sup> Schrader, Rich. “New York must bolster direct sales of zero-emission vehicles to address climate change.” AMNY, February 11, 2021. <https://www.amny.com/opinion/op-ed-new-york-must-bolster-direct-sale-of-zero-emission-vehicles-to-address-climate-change/>

This legislation also promotes high-quality, high-wage local jobs, ensuring local workforce development and worker protections, and supporting a just transition for jobs altered, affected or eliminated by the transition to a ZEV public transit fleet.

Thanks to past smart clean energy policies, emissions from New York’s power sector have been cut in half from 1990 levels.<sup>3</sup> With recent state investments in renewable energy generation, developing a local offshore wind supply chain, and upgrading port infrastructure and the state’s transmission grid, New York on track to achieve the CLCPA’s twin goals of sourcing 70 percent of the state’s electricity supply from renewable sources by 2030, and making it 100 percent emissions-free by 2040—however, to meet CLCPA goals to reduce economy-wide greenhouse gas emissions by 40 percent by 2030 and reach net zero by 2050, we must continue to rapidly accelerate zero-emission vehicle adoption for all classes of vehicles across the state.

Given the economic risk presented by climate change, and the economic opportunity presented by climate action, I urge the committee to ensure these common-sense bills are included in the final one-house budget. Thank you for your time and consideration.

Sincerely,

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<sup>3</sup> New York State Energy Research & Development Agency, New York State Greenhouse Gas Inventory: 1990-2016 at S-10 (2019)