



Memorandum of Support

February 24, 2020

A.6434-A (Fahy)/S.3827-A (Metzger)

Purpose: Provides an exemption for the sale of the first \$35,000 for a battery, electric or plug-in hybrid electric vehicle from state sales and compensating use taxes; authorizes local governments to elect such incentives.

Statement of Support: Passenger vehicles are the largest source of climate-altering emissions and health-harming pollution within the transportation sector, accounting for 36% of New York's total greenhouse gas emissions. In order to reduce our economy-wide emissions 40% by 2030 and achieve net-zero emissions by 2050, it will be necessary for New York to rapidly decrease emissions from vehicles.

Providing incentives for New Yorkers to purchase battery electric vehicles is a critical step in increasing EV adoption and ensuring that we are not bringing new fossil-fuel burning cars onto New York roadways. Reducing the upfront cost of electric vehicles, relative to gas-guzzling vehicles, will help increase adoption by addressing one of the primary near-term barriers to reducing transportation sector emissions. In Synapse Energy Economics' report *Transforming Transportation in New York*, a sensitivity analysis on the impacts of transportation electrification policies found that "measures to reduce the upfront cost of EVs relative to ICE [internal combustion engine] vehicles (such as rebates) have the largest effect on EV sales." The report estimates that this type of policy alone achieves 86% of the total increase EV sales and that lowering the relative upfront cost of EVs compared to ICE vehicles will be critical to accelerate the adoption of EVs.¹ New York must take additional steps to supplement the Drive Clean Rebate and Clean Pass Program to stimulate electric vehicle adoption. While the \$2,000 EV rebate has been helpful, that amount alone is still insufficient to drive the EV adoption rate necessary to meet our climate goals and prevent further negative health impacts from gas-powered vehicles. Augmenting that amount with a sales tax exemption, which could be as much as \$2,800, could give a real boost to EV sales in NY.

With the \$7,500 federal tax incentive for battery electric vehicles ending this year under the Trump Administration, this bill is particularly important to ensure that New Yorkers have meaningful incentives to purchase electric vehicles. In the

¹ <https://www.synapse-energy.com/sites/default/files/Transforming-Transportation-in-NewYork-19-017.pdf>

absence of federal leadership on climate change, especially in the transportation sector, New York has to lead the charge in replacing fossil-fuel burning vehicles with vehicles powered with clean electricity.

Sierra Club Atlantic Chapter Strongly Urges Your Support of A.6434-A/S.3827-A.