

October 28, 2022

**RE: Coalition Support for Budget Investments in Clean Mobility**

Dear Governor Whitmer, Lieutenant Governor Gilchrist, and Budget Director Harkins,

Thank you for your leadership and dedication to the people of Michigan. The signatories to this letter include 26 organizations and businesses representing alternative fuel and electric vehicle drivetrain manufacturing, electric vehicle charging stations, environmental advocates, health advocates, electricity distribution and transmission utilities, clean mobility trade organizations, and more. **We continue to express our support for state investments in clean transportation solutions that will benefit all Michiganders.**

Thank you for your leadership on clean mobility thus far. We are extremely excited to see that the University of Michigan's Michigan Electric Vehicle Center was appropriated \$130 million to train and develop the electric vehicle workforce. Also approved earlier this year, the Mobility Future Initiative is a \$25 million project led by the Office of Future Mobility and Electrification to make clean mobility services more accessible, grow the future mobility workforce, and commercial innovative mobility technologies. These efforts will catalyze growth in the industry and support job creation. Still, we know there is more to be done to keep Michigan at the forefront of this rapidly changing industry. As the state that put the world on wheels, we need bold, equitable, and cohesive state investments to bring sustained tailwinds to clean mobility in Michigan and across the nation.

Cleaner transportation will benefit all Michiganders by reducing harmful emissions while also reducing fuel and maintenance costs. At the same time, more than 20% of Michigan jobs are tied to the transportation industry. The transition to clean, more innovative mobility technologies will require a shift not only in the way Michiganders and our visitors get around the state but in the way we are employed. There are several investment mechanisms that can help Michigan meet this unique moment in the EV and clean mobility industry.

Collectively, we support the following proposals, and we urge you to work with your colleagues to take action and fund these programs. These recommendations will support public fleets, communities that suffer from poor air quality, and everyday Michiganders. This is a comprehensive package to enable faster adoption and fill in gaps where federal funding may not be available or may not be sufficient to meet market demand. The following package of investments will support domestic energy production, demonstrate Michigan's leadership in mobility, leverage public-private partnerships, and support cleaner air for Michiganders.

**\$200 Million to Maintain Michigan's Leadership in Mobility**

\$70M Bus and Class 6-8 Vehicle Incentives

Transitioning to clean transit, school buses, and other class 6-8 medium- and heavy-duty vehicles offers an opportunity to create win-wins in communities across the state. Medium- and heavy-duty vehicles make up only 5 percent of all vehicles on the road but are the second largest contributor to transportation emissions. Forty-eight percent of K-12 students ride a bus to

school and the average fuel economy for school buses is only 6.5 miles per gallon. Electric buses are a proven technology in Michigan; however, the upfront costs associated with these cleaner technologies pose a barrier for interested school districts and transit agencies. The EPA Clean School Bus Program received more applications than they have funding available, demonstrating both the demand and the need for additional grant funds. Buses, trucks and other large vehicles offers an opportunity to reduce air pollution, save money, and use the latest technology. Budget investments will be influential in spurring adoption that will promote cleaner air for Michigan's communities. These funds should be focused in historically disadvantaged communities with higher levels of air pollution.

#### \$50M Rebate Program for EVs and At-Home Chargers

To maximize the potential air quality and clean air benefits while reducing reliance on foreign fuels, rebates should be designed to account for new, used, and leased battery electric and plug-in hybrid vehicles and be presented to consumers and dealers in a simple and understandable way. An impactful and efficient EV rebate program should center equity by offering additional incentives for low- and moderate-income Michiganders as well as include micro-mobility solutions and accept proof of enrollment in eligible public assistance programs to meet income reporting requirements. Twenty-three states have some form of an EV incentive in place. States with purchase incentives rank the highest in state leadership, for example in the ACEEE Scorecard. Also, strong policies show that Michigan is serious about supporting the rapidly changing automobile landscape. Rebates accelerate EV adoption, particularly with low and moderate-income households that find the upfront cost of an EV to be a barrier. With the significant revisions in the new federal tax credits for domestically produced EVs in the Inflation Reduction Act (IRA), state incentives could make EVs even more attractive to Michigan households.

#### \$55M Grant Program for Public Commercial and Community Charging

Commercial vehicle and community charging are both areas that are seeing fewer investments and yet have a high impact on the economy and Michiganders' quality of living. Freight is a crucial economic engine in Michigan, in addition to being a major contributor to harmful air pollution. Our infrastructure must be sufficient to allow safe and easy travel across and through the state in clean vehicles, both for individuals and fleets.

Likewise, we need to ensure that Michiganders who rent or rely on public infrastructure for charging for other reasons have access to charging stations. The Infrastructure Investment and Jobs Act (IIJA) created a \$1.25 billion competitive fund for community charging grants. While all the details are not yet available, we expect that the most competitive projects will have a significant funding match. Setting aside excess general funds to support Michigan-based community charging projects will make Michigan more competitive for these limited federal funds. The state should also contribute additional funds to ensure that all Michigan communities are prepared with charging infrastructure.

#### \$25M State and Municipal Fleet Electrification

This budget appropriation will help convert state and municipal fleet vehicles to cleaner fuels, including building upgrades, vehicles, and necessary charging or refueling infrastructure. Public

fleets cannot take advantage of federal tax incentives for electric and alternative fuel vehicles except through 3rd party financing arrangements. Investments in public fleets will save taxpayers money over time by reducing fuel and maintenance costs. It is imperative that the state “walks the talk” and assists municipalities in following suit.

Michigan’s existing expertise can be leveraged to create high-impact programs like those listed above. We urge you to prioritize these investments during supplemental budget negotiations and for the Fiscal Year 2024 budget. We are eager to answer any questions you may have.

Thank you again for your continued leadership.

Sincerely,

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