



**State of Maine  
131st Maine Legislature**

December 7, 2023

Maine Board of Environmental Protection  
17 State House Station  
28 Tyson Dr.  
Augusta, ME 04333-0017

Dear Members of the Board:

The decision by the Board of Environmental Protection (BEP) to proceed with the Chapter 127-A Advanced Clean Cars II Program rulemaking is contrary to current market conditions. We strongly encourage BEP board members to put Maine's people first and reject this top-down concept that will accomplish nothing more than put Maine's economy at undue risk.

Nationally, zero-emission electric vehicle (EV) adoption is happening much slower than expected. Maine poses further unique challenges to such vehicles, including the expansive distances many people travel for work, pleasure and shopping. Reluctant Maine consumers are concerned about our charging infrastructure, limited vehicle range in colder weather and the resale value of EVs.

In fact, a recent study from iSeeCars, which collects and researches vehicle data, shows that resale prices for used EVs have collapsed by nearly 34% over the past year. Such a precipitous drop is concerning for consumers who may have been on the edge of adoption but now see the value of EVs depreciating faster than conventional vehicles, especially since some are up to three times more expensive initially than comparable vehicles.

That brings us to the EV market itself. The demand from early adopters of EVs – households with higher incomes, technology enthusiasts and those concerned about the environment – has already been met. Manufacturers are now faced with having to engineer and build less expensive models to create and satisfy demand from less-affluent demographics and buyers who may otherwise be already satisfied with combustion engines and hybrid alternatives.

The slow adoption by the broader vehicle-buying market has led manufacturers such as Ford, GM, Honda and Volkswagen to either delay or cancel plans outright for EV production or the construction of EV producing facilities. Ford alone reported a third-quarter loss of \$1.3 billion in its Model-e business. Results like this will only push more automakers to reconsider or reduce financial exposure from their EV production portfolios.

We then get to the limited, unreliable charging network, an industry which itself is still in its infancy. Three major providers – Tesla, ChargePoint and EVgo – all offer differing technology; and the lack of adoption of one standard such as Tesla's North American Charging Standard has hindered scalability.

For the limited charging infrastructure we do have in place, Maine drivers have been faced with network outages that have disabled some of Maine's 461 charging stations at any given time since they rely on cellular service connecting to a national network to charge consumers for their services. Auto dealers have reported that repairs or even getting parts for these charging stations can take weeks.



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Current EV owners and prospective buyers have also raised another concern that is just now manifesting itself as more EVs are on the road – the cost and time to repair. Some EV owners have said repairs cost thousands more than standard vehicles and have taken months instead of weeks to complete.

That is simply because EV repairs often require double the replacement parts compared to conventional vehicles – if you can even get the part. Maine also lacks the infrastructure and personnel to make such repairs, especially when it comes to collisions. We would have had to stand up training programs years ago to have any chance of meeting EV sales quotas by 2026, including finding instructors we do not have.

Higher repair costs have also translated into higher insurance premiums for consumers. On average, the cost to insure an electric vehicle can be thousands more per year depending upon the model. Maine consumers have already been hit hard by premium increases the past two years due to the inflationary pressures of vehicle parts and home building material costs. This would force yet another premium increase on them if their only alternative were an EV.

Finally, we need to look at Maine's auto dealer industry itself. Profit margins on EVs are terrible and even nonexistent in some cases compared to gas-powered vehicles, especially as manufacturers and dealers must incentivize sales with deeper discounts and rebates. Maine's auto dealers are not immune to the same inflationary pressures that consumers face. Floor plan financing, which is how auto dealers finance the inventory on their lots, is already burdensome due to the escalation of interest rates.

Unsold vehicles naturally increase this carrying cost of inventory. Nationally, EVs are taking nearly three times longer to sell compared to a year ago. Some Maine dealers are reporting that EVs have sat on their lots for more than a year, which has driven up their floor plan costs. Days supply, which measures the days of inventory on hand, is near 100 days for EVs compared to 67 for the overall industry.

The bottom line is moving to arbitrary sales limits that favor EVs over gas-powered vehicles will have devastating effects on Maine's economy. Maine auto dealers sell about 60,000-65,000 new vehicles each year. If conventional vehicle supply becomes restricted, any standard economic model will tell you the prices for those that are sold will naturally skyrocket. If demand is still unmet, consumers will flee to other states to purchase them.

Either scenario stands to make the state's auto dealers the most uncompetitive and unprofitable in the nation. That is, if they even survive.

In all respects, the move to zero emission vehicles will come as consumers demand it and manufacturers respond accordingly. These same market forces in turn will allow for the downstream infrastructure improvements needed to meet that demand. We call that a free market economy.

The recent withdrawal of similarly proposed rules by Connecticut's Democratic Governor Ned Lamont tells you all you need to know. Consumers will dictate when that shift happens, not arbitrary governmental rules adopted simply to create a market by limiting choice. If anything, that role rests solely with Maine's Legislature.



**State of Maine  
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Again, we strongly urge members of the Board of Environmental Protection to stand up for Maine's people and economy and abandon the Advanced Clean Cars II Program rulemaking altogether.

Respectfully,

Handwritten signature of Harold "Trey" Stewart, III.

Harold "Trey" Stewart, III  
Senate Republican Leader

Handwritten signature of Lisa M. Keim.

Lisa M. Keim  
Assistant Senate Republican Leader

Handwritten signature of Billy Bob Faulkingham.

Billy Bob Faulkingham  
House Republican Leader

Handwritten signature of Amy B. Arata.

Amy B. Arata  
Assistant House Republican Leader

CC: Janet T. Mills, Governor, State of Maine  
Melanie Loyzim, Commissioner, Maine Department of Environmental Protection  
William Hinkel, Executive Analyst, Board of Environmental Protection  
Ruth Ann Burke, Clerk, Board of Environmental Protection