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STATE OF VERMONT
GENERAL ASSEMBLY

CLIMATE SOLUTIONS CAUCUS
JANUARY 18, 2019

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Dear Representative Toll and the members of the House Appropriations Committee

Because the State of Vermont secured an additional \$3.6 million in a state settlement with Volkswagen and its subsidiaries, another effort to make consumers whole from the company's deceptive advertising of "clean diesel" vehicles, and which was transferred to the General Fund in 2018, as Co-Chairs of the Climate Solutions Caucus of the Vermont General Assembly we offer the following suggestion for allocation of this money.

We strongly recommend that the State of Vermont direct those dollars to reducing emissions in our most greenhouse gas (GHG) intensive sector, i.e. transportation. We believe that these funds should be used to build electric vehicle (EV) and hybrid (HEV) vehicle point-of-sale customer incentives for new and used cars. We believe this is appropriate given that Vermonters were misled into purchasing vehicles they thought were cleaner and better for the environment.

We very much appreciate the leadership of Attorney General TJ Donovan and his team in securing this settlement and agree with the recommendation of the Governor's Climate Action Commission that there is a need for state-funded or state-facilitated EV and HEV purchase incentives to help customers make the investment and jumpstart this still-nascent market. Research and experience show that high upfront purchase prices are one of the main barriers to wide-scale adoption of electric vehicles, and point-of-sale incentives are a proven mechanism to overcome this barrier and stimulate the marketplace.

We also recommend that the Clean Energy Development fund (CEDF) be utilized for this purpose and that the money be deposited therein. While the CEDF can currently be used for EV incentives, in order to allow more low-income utilization of the incentives, the statute governing the CEDF would need to be updated to also allow incentivizing HEVs.

On behalf of the Climate Solutions Caucus, thank you in advance for your consideration of this request.

Sincerely,

Representative Mary Sullivan
Co-Chair, Climate Solutions Caucus

Senator Richard McCormack
Co-Chair, Climate Solutions Caucus