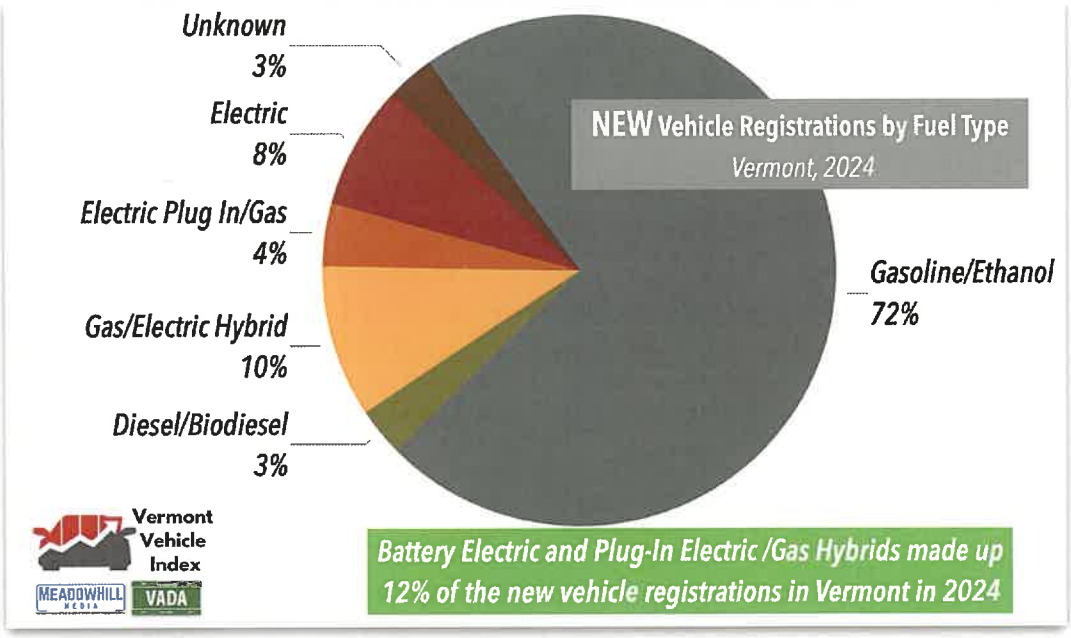
Rep. Matthew Walker
Chair of the House Transportation Committee
115 State Street
Montpelier, VT 05633

March 26, 2025

Dear Rep. Walker,

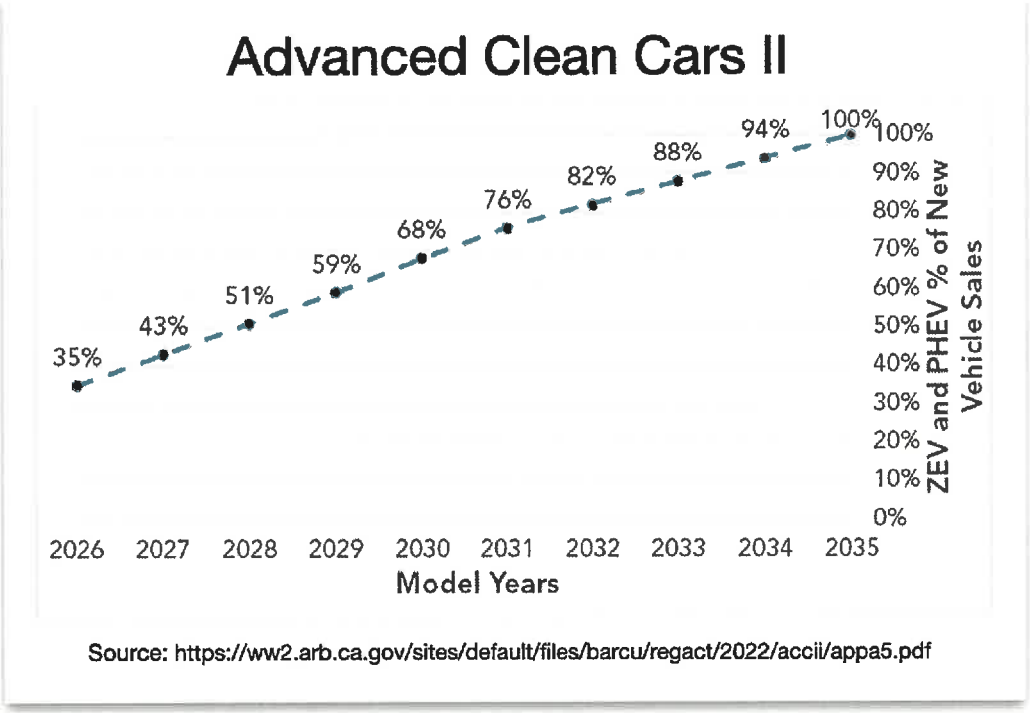
On behalf of the Vermont Vehicle and Automotive Distributors Association (VADA), thank you for the House Transportation Committee's consideration of Vermont's Low and Zero Emission Vehicle regulations.[1]

VADA is deeply concerned that the implementation of these regulations, as currently structured, could result in significant economic disruption. While battery electric vehicles (BEVs) are gradually increasing their market share, the rate of adoption required by the new mandates is not feasible under current market conditions. Additionally, the requirement for truck manufacturers, dealers, and customers to transition to battery-electric heavy-duty trucks is neither technologically nor economically viable at this time.



1 Vermont's Low and Zero Emission Vehicle Regulations. Source: https://outside.vermont.gov/agency/anr/climatecouncil/Shared%20Documents/LEV_ZEV_rules_complete%20package_ICAR_signed.pdf

Background:
In 2022, Vermont adopted California's Low and Zero Emission Vehicle regulations, as promulgated by the California Air Resources Board (CARB). These regulations require that 35% of all new light-duty vehicles sold in Model Year (MY) 2026 be ZEVs, scaling to 100% by MY 2035.



Source: https://ww2.arb.ca.gov/sites/default/files/barcu/regact/2022/accii/appa5.pdf

Furthermore, Vermont adopted CARB's Advanced Clean Trucks (ACT) regulation, which applies to medium- and heavy-duty trucks. This regulation mandates that 10% of these vehicles be zero-emission in MY 2026, rising to 50% by 2030.

Advanced Clean Trucks

Model Year	Class 2b-3	Class 4-8	Class 7-8 Tractors
2026	10%	13%	10%
2027	15%	20%	15%
2028	20%	30%	20%
2029	25%	40%	25%
2030	30%	50%	30%
2031	35%	55%	35%
2032	40%	60%	40%
2033	45%	65%	40%
2034	50%	70%	40%
2035+	55%	75%	40%

Source: https://ww2.arb.ca.gov/sites/default/files/barcu/regact/2019/act2019/fro2.pdf

VADA's key concerns with Vermont's Low and Zero Emission Vehicle regulations:

Inflexible Adoption of CARB Rules: Vermont's statutory alignment with CARB requires the state to adopt California's ZEV targets without the ability to adjust for Vermont's unique market conditions. While California retains the authority to revise its regulations, Vermont does not—resulting in a rigid policy framework with potentially severe economic consequences.

Impacts on Dealers and Consumers: Manufacturers are likely to increase allocations of ZEVs to meet regulatory quotas while reducing the supply of gas-powered vehicles to dealers. This will limit consumer choice and may push buyers to shop in neighboring states, such as New Hampshire, which adheres to federal—not CARB—standards.

Economic Consequences: A constrained market and reduced vehicle sales will diminish revenue from the Purchase and Use Tax and threaten employment in Vermont's automotive sector. Automobile dealerships account for nearly 18% of all retail employment in the state.[2]

VADA respectfully urges the Legislature to reconsider the Low and Zero Emission Vehicle regulations and explore more flexible, locally responsive alternatives. Passage of House Bill 65 would address this by repealing Vermont's adoption of California's ZEV regulations.[3] Alternatively, the Legislature could require the Agency of Natural Resources to delay implementation of the ACC II and ACT rules until vehicle availability, consumer demand, and charging infrastructure are more fully developed.

Vermont's vehicle dealers remain committed to supporting consumers and contributing to a sustainable transition to cleaner transportation. However, this transition must be market-driven—not mandated by policies misaligned with Vermont's economic realities. A flexible, consumer-focused approach will more effectively serve the state's residents, businesses, and economy.

Sincerely,

Jack Castellaneta
Owner, Formula Nissan – Berlin, Vermont
President, Vermont Vehicle and Automotive Distributors Association (VADA)

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[2] VADA Economic Impact Report. Source: https://www.thevermontdrive.com/ewExternalFiles/VADA%202023%20Economic%20Impact%20Study.pdf

3 H.65: https://legislature.vermont.gov/bill/status/2026/H.65