Ramping Up Electric Vehicles Across New Jersey

Transitioning our vehicle fleets to electric vehicles (EVs) is critical if we want to address climate and air pollution in New Jersey, given that more than 40% of climate emissions come from our transportation sector in addition to other pollutants that threaten public health. New Jersey currently has a goal of registering 330,000 EVs by the end of 2025 as part of the 2020 EV Law. The EV law also drew notice for its nation-leading EV sales incentive, which quickly proved to be so popular that the rebates ended after a few months when it ran out of funds. While we are not yet on pace to reach the registration goal, we have seen tremendous growth in EV sales, which should serve as a barometer for the policy options that we should be adopting. This growth has continued in spite of some of the retrograde EV policies that were adopted in 2024. New Jersey has now surpassed more than 200,000 EV registrations, double the number of EVs from two years ago, and the 10 states that signed onto a MOU from NESCAUM in 2013 – including New Jersey – hit their goal of 3.3 million EVs on the road by 2025.

Manufacturers are currently offering 57 EV models to consumers across the state. According to NESCAUM data, the state's market share of EV sales in Q3 of 2024 was 14.4 percent compared to a national average of 10.2 percent. But to be able to reach the requirements of the Advanced Clean Cars II program, New Jersey will need to significantly increase EV sales and EV charging infrastructure, and convince the 36% of New Jersey drivers who are EV curious to buy an EV.

RECOMMENDATIONS

Encourage more EV sales by fixing the tax, registration, and incentive programs

- Reverse the 2024 decision to levy the full 6.625% sales tax on all EV purchases starting in July 2025, and institute a full exemption or at least a phase in period of a few years for vehicles at the more affordable end of the EV market ($55K MSRP and below) to promote sales for buyers at the lower end of the market
- Reform and reduce EV registration fee, which is considered among the most punitive in the country
  - The $250 per year registration fee is akin to the fuel efficiency of a 2006 light-duty vehicle. The appropriate and equitable fee for an EV would be closer to $100 per year, which is approximately what the most efficient gasoline vehicle – a Toyota Prius Prime – pays each year
  - Allow the registration fee to be paid yearly instead of requiring a four year up-front payment when purchasing a new EV, which currently adds more than $1000 to the cost due at the point of sale

- Create Stability & Incentive the Charge Up New Jersey rebate
  - Complete a new assessment of the program budget and rebate levels that factors in average EV cost, taxes, fees, and purchaser demographics
    - The funding for the Charge Up NJ program has been consistently set at $30 million. In the FY25 NJ budget, an additional $20 million was made available (and the same funding levels are stable in Gov. Murphy's proposed FY26 budget). However, the rebate level available for customers was cut in half, from $4,000 to $2,000 with a higher amount available for income-eligible customers (who do not typically purchase new vehicles). The prices of EVs have not been reduced by similar amounts, and the added costs of the sales tax and registration fee nullify the impact of any state rebate.
  - Create stability in the program by guaranteeing funding levels and rebate size over the course of multiple years
- Expand the Charge Up New Jersey rebate to make new offerings in the market "rebate eligible," such as short-term leases that provide the opportunity for potential customers to live with an EV before committing to it longer term. These types of offers should be able to take advantage of state-based rebates and are a strategic way to get more bang for the buck out of state rebates
- Ensure legislative and regulatory flexibility in all changes to EV incentives to protect against significant changes in the federal landscape that could impact the bottom line for EV customers and put the state's electrification goals into jeopardy

RECOMMENDATIONS

Enact policies that invest in and promote the future EV market

- Maintain support for the state's adoption of the Advanced Clean Cars II program for light duty vehicles that will require auto manufacturers to ramp up the sale of electric vehicles and plug-in hybrids over the next decade and oppose legislative bills to undo the program
- Renew the state's commitment to the build-out of convenient public 'fast chargers' (DCFC) at both the corridor and community level
  - Update the now out-of-date "200 chargers by 2025" target to be more appropriate given the current market
  - Prioritize community chargers near Multi-Unit Dwelling (MUD) concentrations – an equity consideration
  - Update the technical requirements for public charging, now eight years old. For example, the EV charging platform requirement of CHAdeMO can be dropped, and we can add support for NACS and "Plug to Charge" over time, reinforcing the need for interoperability and availability
- Start permit reform and coordination among jurisdictional authorities that allow for high powered public electric vehicle supply equipment (EVSE) to be installed in 6 months rather than 18 months, a critical market signal that addresses the number one barrier to EV adoption – range anxiety
- Jumpstart program development for Autonomous light duty EV pilots
  - Develop pilot programs to test out autonomous light duty EVs in strategic locations, and attract the talent and the companies that can begin to test this technology can also bring economic benefits to New Jersey, seeding the growth of this important sector that brings together AI, transportation technology and telecommunications