

CONFIDENTIAL
LEGISLATIVE BILL REVIEW FORM: 2014

Bill Number: H.666 Name of Bill: A state income tax credit for electric vehicle charging stations

Agency/ Dept : Public Service Author of Bill Review: Asa Hopkins

Date of Bill Review: January 30, 2013 Status of Bill: (check one):

☒ Upon Introduction ☐ As passed by 1st body ☐ As passed by both bodies

Recommended Position:

☒ Support ☐ Oppose ☐ Remain Neutral ☐ Support with modifications identified in #8 below

Analysis of Bill

1. Summary of bill and issue it addresses. *Describe what the bill is intended to accomplish and why.*

The bill creates a non-refundable income tax credit of 7.2% (up to \$7,200) of the purchase and installation cost of electric vehicle charging stations (EVCE). The credit decays over time, being fully repealed at the start of 2018. This purpose of the bill is to encourage Vermonters to install EV charging stations. The structure mirrors a 30% Federal EV charging station tax credit, which has expired.

2. Is there a need for this bill? *Please explain why or why not.*

Yes. Home and workplace electric vehicle charging infrastructure, where most charging will take place, is necessary for increased EV adoption, and this bill would reduce upfront costs to purchase and install such equipment. EVs are a critical piece of the state's efforts to reduce greenhouse gas emissions, meet the objectives of the 201 Comprehensive Energy Plan, and meet the state's obligations under the recent 8-state ZEV MOU. Publicly available electric vehicle charging stations are necessary to increase range confidence and show Vermonters and tourists that the state is ready and welcoming to electric vehicles. Lacking a funding source for rebates or other incentives, a tax credit of this sort is an appropriate method to encourage purchase of this important infrastructure.

This bill could also provide a vehicle for text that we have drafted that clarifies the regulatory regime with respect to charging stations with respect to the Public Service Board.

3. What are likely to be the fiscal and programmatic implications of this bill for this Department?

No fiscal impact. The bill would increase installation of EV infrastructure and encourage purchase of EVs, furthering the programmatic goals of the Comprehensive Energy Plan.

4. What might be the fiscal and programmatic implications of this bill for other departments in state government, and what is likely to be their perspective on it?

Vermont currently has about 22 publicly-available electric vehicle charging stations. It is expected that some fraction of the 600 EV owners in the state also have charging equipment installed at their homes. These numbers are expected to grow by at least a factor of two within the next year. EVCE purchase and installation can cost between \$1000 and \$50,000, depending on the extent of electrical work required and the capabilities

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of the charging equipment. I would expect the tax credit would be applied approximately 500 times per year, with a typical installation cost of \$2000, resulting in a net state revenue impact of about \$70,000/year. (This number is very rough). As sales increase in future years as expected, the tax credit value decreases, resulting in limited fiscal impact. *

To the extent that this tax credit increases the rate of purchase for electric vehicles, it would result in increased purchase and use tax due to the cost of these vehicles, and reduced gas tax revenue due to the use of electricity rather than gas to power transportation. *

The increased installation of these stations would directly further the mission of the air quality division of DEC/ANR, which spearheads the state's ZEV rules and programs.

The Tax Department would be required to develop the necessary forms, guidance, etc., to implement this tax credit.

5. What might be the fiscal and programmatic implications of this bill for others, and what is likely to be their perspective on it? (for example, public, municipalities, organizations, business, regulated entities, etc)

The Drive Electric Vermont stakeholder network, including utilities, advocates, auto dealers, and both state and local governments, would be supportive of this measure.

6. Other Stakeholders:

6.1 Who else is likely to support the proposal and why?

Environmental, air quality, and other EV advocates. EV owners. Auto dealers who sell EVs. Electricians who would install EVCE. Businesses that would host EVCE in their parking facilities for customers or employees.


6.2 Who else is likely to oppose the proposal and why?

Potential opposition from those skeptical of the potential and benefits of EVs, or those who object to policy-making through the tax code.

7. Rationale for recommendation: *Justify recommendation stated above.*

The bill could provide a significant boost to EVCE installation in the state, at minimal net cost to the state, thereby advancing the state's energy, GHG, and air quality goals.

8. Specific modifications that would be needed to recommend support of this bill: *Not meant to rewrite bill, but rather, an opportunity to identify simple modifications that would change recommended position.*

Secretary/Commissioner has reviewed this document:  Date: 2/8/14

* JFO should evaluate + provide better assessment of likely cost to state.