

This does not constitute tax advice. All persons considering use of available incentives should consult with their own tax professional to determine eligibility, specific amount of benefit available, if any, and further details.

State of Maryland

Electric Vehicle Supply Equipment Rebate Program

Short Description: The Maryland Energy Administration (MEA) offers an EVSE rebate program to individuals.

Beneficiary: Resident who purchases and installs a charging station.

Type of Incentive: Cash Rebate.

Effective Dates: July 1, 2014 - June 30, 2017.

Value of Benefit: Up to \$900.

Full Description: The Maryland Energy Administration (MEA) offers an EVSE rebate program available to an individual, business, or state or local government entity for the costs of acquiring and installing qualified EVSE. Between July 1, 2014 and June 30, 2017, rebate amounts are equal to the following amounts, up to 50% of the costs of acquiring and installing qualified EVSE: Up to \$900 for individuals, \$5,000 for Business or State or Local Government, Retail service Station Dealer, \$7,500.

State Statutory References:

Senate Bill 908, 2014.

Other Link(s):

AFDC Website: <http://www.afdc.energy.gov/laws/11423>

MEA Website: http://energy.maryland.gov/transportation/Pages/incentives_evse rebate.aspx

Contact Information:

For questions about the program, contact Mike Jones at Michael.Jones1@maryland.gov

Residential Application Form

Print Form

Maryland Electric Vehicle Supply Equipment Rebate Program

Lawrence J. Hogan, Jr., Governor

Boyd K. Rutherford, Lt. Governor

Mary Beth Tung, Director

Please Fill Out Form Electronically, Print, Sign and Return to MEA.

All Required Fields on this Form Must be Filled Out Completely.

Incomplete or Illegible Applications Will Be Returned To The Primary Point of Contact; No Exceptions.

A. Applicant Information

Grant Applicant	First Name		Last Name		Social Security Number	
	Phone Number			Email		
Install Address (No PO Boxes)	Installation Address				Suite/Apt/Bldg	
	City				State	Zip Plus 4
	Congressional District	Legislative District		County		
Mailing Address (Only If Different)	Mailing Address				Suite/Apt/Bldg	
	City				State	Zip Plus 4
	Congressional District	Legislative District		County		

If You Do Not Know Your Zip Plus 4 Code Look Up Here: <http://zip4.usps.com/zip4/welcome.jsp>

If You Do Not Know Your Congressional or Maryland Legislative District Look Up Here: <http://mdelect.net>

B. Electric Vehicle Supply Equipment (EVSE) Information

System Technology (Limit One Per Individual)

EVSE Manufacturer		EVSE Level (Select one)		EVSE Model	
(B1) EVSE Equipment Cost \$		(B2) EVSE Installation Cost \$		(B3) Total EVSE Cost \$ (B1+B2)	
				(B4) Multiply B3 by 0.50	
				(B5) Rebate Amount (Lesser of \$900 or B4)	

Applicants must attach copies of the following documents to this application, failure to do so will result in an incomplete application:

1. Photo copy of a paid invoice, receipt or equivalent proof of payment for EVSE equipment
2. Photo copy of a paid invoice, receipt or equivalent proof of payment for EVSE installation
3. Photo copy of electrical permit
4. Photo of EVSE installation

C. Applicant Signature

I solemnly affirm under penalties of law, including those set forth in Maryland Code, Section 9-20B-11 of the State Government Article, that to the best of my knowledge, the charging station that is the subject of this application was installed in accordance with all applicable laws, regulations and permitting requirements and is operational, that there are no false statements in any application or other materials submitted to MEA, and that no false statements have been made in order to influence any action by MEA on this application. I acknowledge that MEA or an authorized representative may contact me in the future regarding driving & charging behavior as well as overall electric drive satisfaction.

Print Name

Date Signed

Signed By

Submit this application and the required supporting documentation as soon as possible to:

-Attention- EVSE Rebate Program
Maryland Energy Administration
1800 Washington Boulevard, Suite 755
Baltimore, MD 21230

Revision Date: 6/30/16

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OFFICIAL USE ONLY				
AGENCY	FUND	PCA	SUB-OBJ	FY
SSN			AMOUNT	
PM INIT	MEA INVOICE NUMBER		DATE RECEIVED	
MEA APPROVAL		FINANCIAL ADM APPROVAL		
OFFICIAL USE ONLY		DATE: _____ POSTED: _____		

Department of Legislative Services
Maryland General Assembly
2014 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 908

(Senator Manno, *et al.*)

Budget and Taxation and Finance

Environmental Matters

Electric Vehicles and Recharging Equipment - Rebates and Tax Credits

This bill alters the existing qualified plug-in electric vehicle excise tax credit by altering the value of the credit and extending through fiscal 2017 the termination date of the program. The bill also repeals the electric vehicle recharging equipment income tax credit and replaces the credit with a rebate program administered by the Maryland Energy Administration (MEA). MEA may award an annual maximum of \$600,000 in rebates in fiscal 2015 through 2017, with funding for these rebates provided by transfers from the Strategic Energy Investment Fund (SEIF).

The bill takes effect July 1, 2014.

Fiscal Summary

State Effect: SEIF revenues decrease by at least \$1.3 million in FY 2015. Transportation Trust Fund (TTF) revenues decrease by \$0.5 million annually in FY 2015 through 2017. Future year estimates reflect extension of the credit and impact of the rebate program and required SEIF transfers. To the extent MEA does not award the maximum amount of tax credits, revenue impacts will be less than estimated. No effect on expenditures.

(\$ in millions)	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
SF Revenue	(\$1.8)	(\$1.8)	(\$1.8)	\$0	\$0
Expenditure	0	0	0	0	0
Net Effect	(\$1.8)	(\$1.8)	(\$1.8)	\$0	\$0

Note: () = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: Local highway user revenues decrease by \$49,250 annually in FY 2015 through 2017. Local expenditures are not affected.

Small Business Effect: Minimal.

Analysis

Bill Summary:

Qualified Electric Vehicle Excise Tax Credit

The bill alters the existing qualified plug-in electric vehicle excise tax credit by:

- extending the tax credit through fiscal 2017;
- altering the calculation of the credit, thereby increasing the value of the tax credit provided to most vehicles; and
- specifying that the tax credit is only available for qualified vehicles that are purchased new and titled for the first time on or after July 1, 2014, but before July 1, 2017.

Under current law, the maximum value of the credit ranges from \$600 to \$1,000 based on the battery capacity of the qualifying vehicle. The bill changes the value of the credit to equal the lesser of (1) \$125 times the number of kilowatt-hours battery capacity of the vehicle; or (2) \$3,000. **Exhibit 1** compares the proposed value of the credit compared with current law for four of the most popular vehicles that have qualified for the tax credit.

Exhibit 1 Electric Vehicle Excise Tax Credit Current Law and Proposed

	<u>Current Law</u>	<u>Proposed</u>	<u>Difference</u>
Chevy Volt	\$1,000	\$2,063	\$1,063
Nissan Leaf	1,000	3,000	2,000
Tesla Model S	1,000	3,000	2,000
Toyota Prius Plug-in Hybrid	600	550	-50

Source: Maryland Department of Transportation, Department of Legislative Services

The bill requires a transfer from SEIF to TTF of up to \$1,287,000 in fiscal 2015, 2016, and 2017 for electric vehicle excise tax credits. A maximum of \$1,800,000 in credits may be claimed in each fiscal year.

Electric Vehicle Recharging Equipment Income Tax Credit

The bill repeals the electric vehicle recharging equipment income tax credit effective July 1, 2014, and replaces the credit with a rebate program administered by MEA. MEA may award an annual maximum of \$600,000 in rebates in fiscal 2015 through 2017, with funding for these rebates provided by a transfer from SEIF. **Exhibit 2** compares the value of the credit provided under current law and the proposed value of the rebate program. MEA may provide rebates to (1) the State or local governments for up to 50% of the qualified costs, not to exceed \$5,000 and (2) retail gasoline service stations for up to 50% of the qualified costs, not to exceed \$7,500.

Exhibit 2 **Electric Vehicle Recharging Equipment** **Current Tax Credit and Proposed Rebate Program**

	Limitation on:		
	<u>% Credit</u>	<u>Maximum Value</u>	<u># of Qualifying Systems</u>
<u>Current Tax Credit</u>			
Individual	20%	\$400 *	1
Business	20%	400 *	30
<u>Proposed Rebate</u>			
Individual	50%	\$900	1
Business **	50%	5,000	none
Retail Gasoline Service Station	50%	7,500	none

* Lesser of \$400 or the State income tax liability imposed in the taxable year.

** Includes State and local governments.

In addition, MEA may provide a reimbursement for the reasonable installation costs of qualifying equipment. Under current law, a taxpayer can claim the credit only if the electric vehicle recharging equipment qualifies under Section 30C of the Internal Revenue Code (IRC). The bill allows MEA to provide rebates for property in the State that is used for recharging vehicles propelled by electricity. MEA may adopt regulations to implement the rebate program including (1) specifying further limitations on the value of the rebate; (2) requiring an applicant to demonstrate compliance with applicable federal, State, or local laws; and (3) any additional application and qualification requirements.

MEA and the Maryland Department of Transportation must report by January 1, 2015, to the Senate Budget and Taxation, House Appropriations, and House Ways and Means committees on (1) the amount of TTF revenue that is paid by owners of electric vehicles to TTF for the construction and maintenance of State roadways; and (2) a plan for electric vehicle owners to contribute to TTF for State roadway construction and maintenance.

Current Law:

Electric Vehicle Recharging Equipment Income Tax Credit

Chapter 402 of 2011 created a tax credit against the State income tax equal to 20% of the cost of qualified electric vehicle recharging equipment placed in service by a business or individual during the tax year. Chapter 389 of 2013 extended the tax credit program through tax year 2016. Taxpayers seeking the credit must first apply for approval from MEA. MEA can issue a maximum of \$400,000 in credits in tax year 2011, \$500,000 in tax year 2012, and \$600,000 annually in tax years 2013 through 2016.

In order to offset the reduction of revenues from the credit, Chapter 402 and Chapter 389 required a transfer of \$400,000 from SEIF to the general fund in fiscal 2013, \$500,000 in fiscal 2014, and \$600,000 annually in fiscal 2016 through 2018. SEIF revenue transfers in each year are reduced if MEA does not award the maximum amount of credits.

Qualified Electric Vehicle Excise Tax Credit

Chapter 490 of 2010 established a tax credit against the motor vehicle excise tax for the purchase of a qualified plug-in electric vehicle. Chapter 389 of 2013 altered the value of the credit and extended, subject to available funding, the tax credit through fiscal 2014. MEA may award a maximum of \$1,287,000 in credits and a transfer from SEIF to TTF is required to offset revenue losses resulting from the credit. The credit is limited to 1 vehicle per individual and 10 vehicles per business entity.

A qualified plug-in electric vehicle is an unmodified motor vehicle that (1) is made by a manufacturer primarily for use on public streets; (2) is acquired for use or lease by the taxpayer and not for resale; (3) is rated at no more than 8,500 pounds unloaded gross vehicle weight; (4) has a maximum speed of at least 55 miles per hour; and (5) is propelled to a significant extent by an electric motor that draws electricity from a battery capable of being recharged from an external source of electricity with a capacity of at least 4 kilowatt hours for a four-wheeled vehicle and a capacity of at least 2.5 kilowatt hours for a two- or three-wheeled vehicle.

The credit may not be claimed (1) unless the vehicle is registered in the State; (2) unless the manufacturer has already conformed to any applicable State or federal laws or regulations governing clean-fuel vehicle or electric vehicle purchases during the calendar

year in which the vehicle is titled; and (3) for a vehicle that was originally registered in another state.

Federal Credits

Qualified plug-in hybrid vehicles may qualify for a federal income tax credit of up to \$7,500 under Section 30D of IRC. The tax credit begins to phase out for a manufacturer's vehicles after the manufacturer has sold 200,000 vehicles (after December 31, 2009).

Section 30C of IRC allows taxpayers to claim a credit for the cost of installing qualified alternative vehicle recharging property to be used in a trade or business of the taxpayer or installed at the principal residence of the taxpayer. The credit is generally equal to the lesser of 30% of the property's cost or \$1,000 (\$30,000 for business use property). The credit can be claimed for property placed in service before January 1, 2014, except for hydrogen property, which must be placed in service before January 1, 2015.

Strategic Energy Investment Fund

Chapters 127 and 128 of 2008 created the Maryland Strategic Energy Investment Program, and the implementing SEIF, to decrease energy demand and increase energy supply to promote affordable, reliable, and clean energy. SEIF is primarily funded through the proceeds from the auction of carbon allowances to power plants under the Regional Greenhouse Gas Initiative.

Maryland Electric Vehicle Infrastructure Council

Chapter 400 of 2011 established the Maryland Electric Vehicle Infrastructure Council and required it to develop a plan to expand the adoption of electric vehicles and develop an infrastructure charging network. In its final report issued in December 2012, the council issued several recommendations, including (1) extending the council through June 2015; (2) increasing the amount of zero-emission State fleet vehicle purchases to 10% by 2020 and at least 25% by 2025; (3) establishing a grant program for electric vehicle support equipment installation and procurement of transaction management software for multi-unit dwellings; and (4) extending the recharging equipment tax credit through December 2016 and the qualified electric vehicle excise tax credit through July 1, 2016.

Impacts of Electric Vehicles

Many researchers and analysts, including the National Academy of Sciences, have concluded that the United States has compelling reasons to reduce its consumption of oil for geopolitical and national defense reasons and to reduce emissions of carbon dioxide and pollutants for environmental reasons. In recent years, there has been increasing focus

in the tax code on energy conservation and renewable energy production standards. While the federal Joint Committee on Taxation (JCT) notes that economists generally agree that the most efficient means of addressing pollution would be a direct tax on the pollution-causing activities, the more indirect approach of targeting tax credits for certain technologies has been utilized. JCT states that many provisions of federal law provide for tax credits for investments in, or expenditures on, certain assets that reduce the consumption of conventional fuels and the attendant pollutants and emissions of gases related to atmospheric warming. JCT notes that the design of tax benefits is important to how close they will come, individually and collectively, to achieving their intended consequences in a cost-effective and efficient manner. Important policy decisions include what to subsidize and how much, and only by equalizing tax provisions with the same policy (*i.e.*, paying the same price for fossil fuel displacement) will the incentives be technologically neutral and cost effective.

In addition to tax credits for electric vehicles, the federal government has adopted several policies to encourage the production and purchase of electric vehicles. JCT estimates that these policies will have a total federal budgetary impact of \$7.5 billion through federal fiscal 2019. A recent analysis by the Congressional Budget Office (CBO) examined the effects of federal tax credits for the purchase of electric vehicles on gasoline consumption and greenhouse gas emissions. CBO concluded that the tax credits will have little or no impact on total gasoline use and greenhouse gas emissions over the next several years, primarily due to the interaction with corporate average fuel economy standards. CBO stated that the tax credits could impact gasoline consumption and emissions in the long-term if the sales of electric vehicles lead to revisions in fuel economy standards and/or if the credits play an important role in helping the electric vehicle industry become self-sustaining. A recent analysis by the National Research Council of the National Academy of Sciences concluded that subsidies of tens to hundreds of billions of dollars will be needed if electric vehicles are to achieve rapid penetration of the U.S. automotive market and even with these efforts, these vehicles are not expected to significantly impact oil consumption or carbon emissions before 2030.

State Revenues: The bill (1) repeals the existing electric vehicle recharging equipment tax credit effective July 1, 2014; (2) replaces the tax credit with a rebate program whereby MEA may award a maximum of \$600,000 in rebates annually in fiscal 2015 through 2017; and (3) extends through fiscal 2017 the termination date of the qualified plug-in electric vehicle excise tax credit. **Exhibit 3** shows the projected State revenue loss from the bill.

Under current law, MEA may award a maximum of \$600,000 in qualified electric vehicle recharging equipment credits in calendar 2014 through 2016. MEA will transfer up to \$600,000 from SEIF to the general fund annually in order to offset the revenue losses that result from the credit. The transfers occur in fiscal 2016, 2017, and 2018. The bill repeals the tax credit and replaces it with a rebate program. The Comptroller's Office

advises that a total of \$2,553 in credits were claimed in tax year 2011, the latest year of available data. It is anticipated that replacing the tax credit with the rebate program with enhanced subsidies and additional rebates to the State and local governments will cause additional SEIF revenue losses. However, the total amount of the additional loss may not exceed \$600,000 annually.

In addition, the rebate program will be available through fiscal 2017, an additional six months beyond the current tax credit. Under current law, SEIF revenues are transferred in fiscal 2016, 2017, and 2018 to cover the costs of the tax credit. The bill does not specify when SEIF revenues are to be transferred to reimburse MEA for the rebate program. It is assumed the transfers occur in the fiscal year in which the rebates are issued.

Accordingly, SEIF revenues will decrease in fiscal 2015, 2016, and 2017 due to additional transfers to reimburse MEA for rebates. SEIF revenues may increase in fiscal 2018 due to any acceleration of SEIF transfers.

Exhibit 3
Projected State Revenue Loss

	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
<u>Vehicle Excise Tax Credit</u>					
SEIF	(\$1,287,000)	(\$1,287,000)	(\$1,287,000)	\$0	\$0
TTF	(513,000)	(513,000)	(513,000)	0	0
Total	(\$1,800,000)	(\$1,800,000)	(\$1,800,000)	\$0	\$0
<u>Equipment Rebate Program</u>					
SEIF	(-)	(-)	(-)	-	\$0
<u>Total</u>					
SEIF	(\$1,287,000)	(\$1,287,000)	(\$1,287,000)	-	\$0
TTF	(513,000)	(513,000)	(513,000)	0	0
Total	(\$1,800,000)	(\$1,800,000)	(\$1,800,000)	-	\$0

Local Revenues: Local governments receive a portion of vehicle excise tax revenues to support the construction and maintenance of local roads and other transportation facilities. Under the assumptions above, local highway user revenues will decrease by \$49,250 annually in fiscal 2015 through 2017.

Additional Information

Prior Introductions: None.

Cross File: HB 1345 (Delegate McHale, *et al.*) (By Request - Maryland Electric Vehicle Infrastructure Council) - Environmental Matters.

Information Source(s): Comptroller's Office, Congressional Budget Office, Joint Committee on Taxation, Maryland Energy Administration, Maryland Department of Transportation, Department of Legislative Services

Fiscal Note History: First Reader - March 3, 2014
ncs/jrb Revised - Senate Third Reader - March 27, 2014

Analysis by: Robert J. Rehrmann

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