

# ENERGY EFFICIENT VEHICLE TAX CREDIT AMENDMENTS

Sponsor: Representative Steve Handy

## WHAT THIS BILL DOES

- Extends Utah's existing energy efficient vehicle tax credits **through 2021** (expires at the end of 2016).
- Maintains current incentive levels:
  - New **compressed natural gas vehicles**: up to \$1,500
  - New **long range electric/plug-in hybrid vehicles**: up to \$1,500
  - New **short range electric plug-in hybrid vehicles**: up to \$1,000
  - New **electric motorcycles**: up to \$750
- Makes the credit assignable, allowing a vehicle purchasers to assign the tax credit to a financing entity at the point of sale.

## WHY THIS BILL IS NEEDED

- Electric vehicles represent **only 0.4%** of Utah's total new passenger vehicles bought between 2011 and 2016.
- The existing credit has been effective, propelling Utah into the top ten states for electric vehicle adoption; allowing the credit to expire would wipe out these gains.
- Experience across the country shows that this type of up-front incentive is more effective at stimulating sales of clean vehicles.

## AIR QUALITY BENEFITS

- This bill helps tackle Utah's air quality problems by getting more of the cleanest vehicles onto Utah's roads. As compared to standard gasoline vehicles:<sup>1</sup>
  - Fully electric vehicles **reduce local emission by 50% - 99%**
  - Plug-in hybrid electric vehicles **reduce local emissions by 16% - 63%**
  - Compressed natural gas vehicles **reduce local emissions by 30% - 88%**.

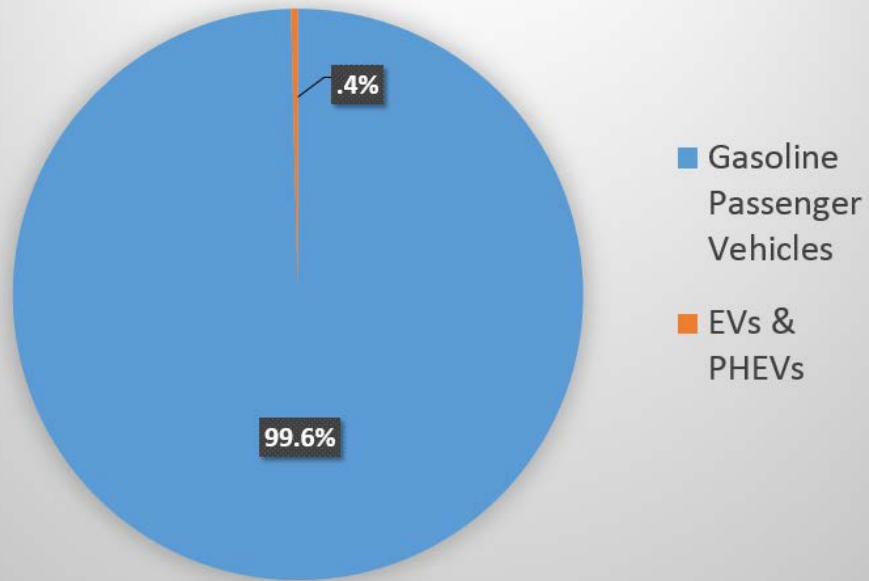
## ECONOMIC BENEFITS

- Improved air quality boosts economic development by retaining and attracting new businesses.
- Electric vehicles reduce fuel costs, saving the typical driver \$1,000 per year.
- 44% of the fuel consumed in Utah is imported from out of the state. Dollars not spent on fuel imports will grow Utah's economy and support local economies.

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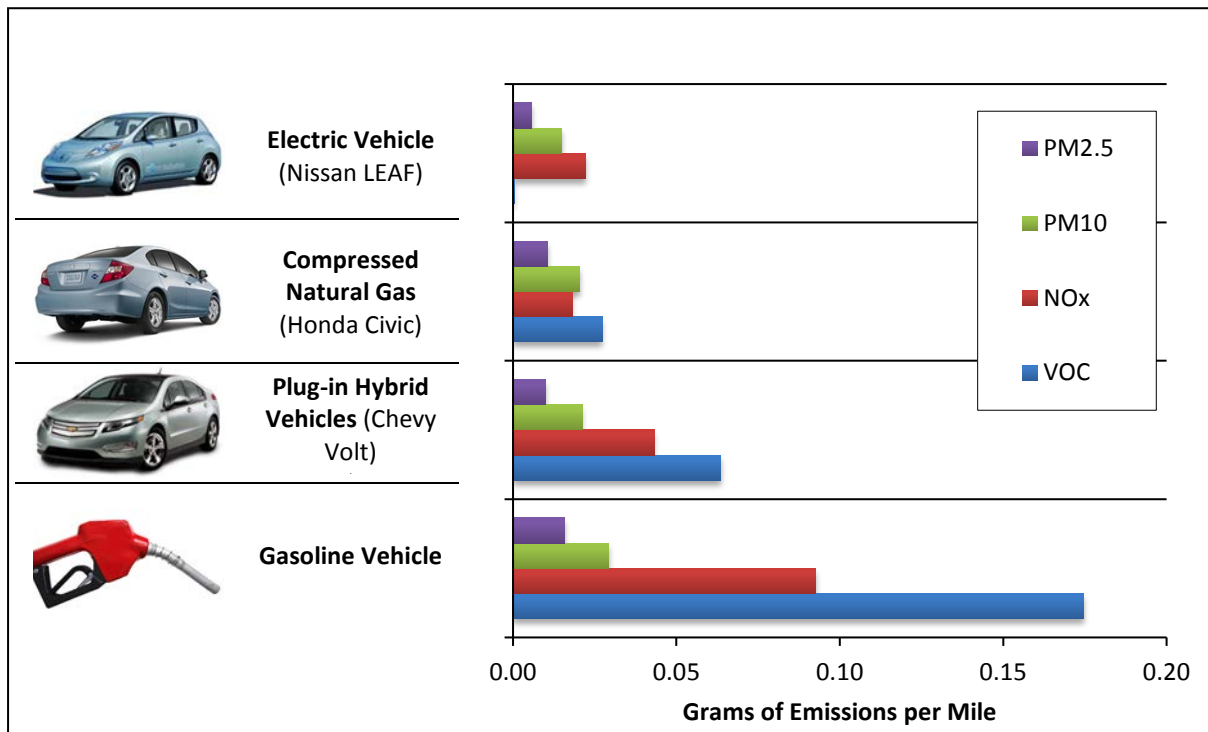
<sup>1</sup> *The Potential for Electric Vehicles to Reduce Vehicle Emissions and Improve Air Quality in the Wasatch Front* (Southwest Energy Efficiency Project, August 2013) <http://bit.ly/1bdX2v8>. Analysis accounts for up-stream emissions from power plants to power electric vehicles, and assumes and assumes that 26% - 56% of plug-in hybrid electric vehicles mileage is electricity only. Gasoline vehicle emissions are based a typical new gasoline vehicle achieving 28 mpg using Tier II fuel.

## Number of Vehicles Sold in Utah Since 2011 (Cumulative)



Source: Utah State Tax Commission (2016) <http://tax.utah.gov/econstats/mv/new-sales>

## ELECTRIC VEHICLES ARE A CLEAN AIR INVESTMENT: VEHICLE EMISSION COMPARISON<sup>2</sup>



<sup>2</sup> See note 1