F I S C A L I M P A C T R E P O R T

SPONSOR Tallman **ORIGINAL DATE** 01/31/21 **LAST UPDATED** 02/03/21 **HB**

SHORT TITLE Electric Vehicle Charging Unit Credit **SB** 58

ANALYST Graeser

REVENUE (dollars in thousands)

Estimated Revenue					Recurring or Nonrecurring	Fund Affected
FY21	FY22	FY23	FY24	FY25		
$0.0	($1,050.0)	($2,000.0)	($2,000.0)	($2,100.0)	Recurring*	General Fund (electric vehicle income tax credit)
$0.0	($100.0)	($200.0)	($200.0)	($200.0)	Recurring*	General Fund (electric vehicle charging unit income tax credit)
$0.0	$160.0	$376.0	$433.0	$493.0	Recurring	State Road Fund
$0.0	$48.0	$112.0	$129.0	$147.0	Recurring	Local Governments Road Fund

Parenthesis ( ) indicate revenue decreases

Note: the 1/31/21 version of this FIR inadvertently omitted a decimal point for FY24 Local Governments Road Fund. The correct amount is $129.0 as shown here.

*Although the tax credits are limited in duration to purchase and installation between January 1, 2021, through December 31, 2025, for this period, the revenue losses are considered recurring.

Also note that TRD does not expect the total credits to exceed the $10 million cap for electric vehicles or the $1 million cap for residential charging stations.

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY21	FY22	FY23	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		$53.7	--	$53.7	Nonrecurring	TRD Operating (ITD – Staff Workload)
		$54.2	$54.2	$108.4	Recurring	TRD Operating (RPD – Additional FTE)

Parenthesis ( ) indicate expenditure decreases

Note these estimated costs are generally included in the regular annual appropriation for the agency.

SOURCES OF INFORMATION

LFC Files primarily FIR for HB-217HFlS/a (2020)

Responses Received From
Taxation and Revenue Department (TRD)
Department of Transportation (NMDOT)
Energy, Minerals and Natural Resources Department (EMNRD)

SUMMARY

Synopsis of Bill

Senate Bill 58 creates two new refundable personal income tax credits for a five-year period beginning January 1, 2022, and ending for purchase or installation prior to January 1, 2026. These income tax credits are intended to incentivize the purchase or lease of electric vehicles and electric vehicle charging units. SB58 defines an electric vehicle to include both vehicles that run exclusively on a battery (also called battery electric vehicles or BEVs) and those that derive part of their power from electricity stored in a battery, which is capable of being recharged from an external source of electricity (also called plug-in hybrid electric vehicles or PHEVs).

Electric vehicles eligible for the electric vehicle income tax credit are only those with a before-tax manufacturer suggested retail price of $48 thousand or less.

SB58 provides a maximum aggregate amount of personal income tax credits that will be paid in any year is $10 million. The electric vehicle income tax credit is $2,500 for most vehicle purchases but is increased to $5,000 for

- Single taxpayers with adjusted gross income of $50 thousand or less;
- Married filing separately with adjusted gross income $37,500 or less; and
- Married filing jointly or heads of household with adjusted gross income of $75 thousand or less.

Taxpayers shall submit information required by the Taxation and Revenue Department (TRD) to claim a credit for the purchase of an electric vehicle or for a lease of an electric vehicle for a term of at least three years. TRD will consider applications for the tax credit in the order received. If the tax credit cap of $10 million is reached, additional applications for certification shall not be approved in that calendar year. The portion of the electric vehicle income tax credit that exceeds the taxpayer's tax liability is refundable to the taxpayer.

SB58 also provides an electric vehicle charging unit income tax credit for qualifying individuals or businesses. This credit is for the cost to purchase and install an electric vehicle charging unit and provides a maximum of $300 or the cost, whichever is less. The credit has an annual cap of $1 million. The annual credits to be paid will be paid in the order received by the department. Claims will be paid by TRD on a first come, first-paid basis until the cap is reached. Any applications received after this limit is reached will be denied. Unlike the Electric Vehicle Income Tax Credit, the Vehicle Charging Unit Income Tax Credit is available through certain business entities, specifically partnerships and limited liability companies.

SB58 includes an additional annual registration fee of $100 for an electric vehicle and $50 for a plug-in hybrid electric vehicle effective January 1, 2022. This fee is imposed whether the vehicle owner claims an electric vehicle income tax credit or not.

Section 66-6-23 is amended to provide for the distribution of the electric vehicle registration fee to the state road fund (77 percent) and the local governments road fund (23 percent).

The effective date of the motor vehicle registration fee, with associated distributions would be January 1, 2022. The tax credit provisions are applicable for tax years beginning on or after January 1, 2021 (affecting general fund revenues in the second half of FY22.

FISCAL IMPLICATIONS

NMDOT analyzed the impacts on the state road fund and the local government road fund as follows:

Estimated Revenue (dollars in thousands)					**Recurring or Nonrecurring**	**Fund Affected**
FY21	**FY22**	**FY23**	**FY24**	**FY25**		
0.0	160.0	376.0	433.0	493.0	Recurring	State Road Fund
0.0	48.0	112.0	129.0	147.0	Recurring	Local Governments Road Fund
	208.0*	**488.0***	**562.0**	**640.0**	**Recurring**	**TOTAL IMPACT**

* This analysis does not account for the possibility that those who will register an electric vehicle or renew a registration for an electric vehicle in calendar year 2021, might register the vehicle for a two-year term to avoid the new additional registration fee that will take effect on January 1, 2022.

About 78 percent of this revenue is attributable to the $100 additional fee imposed by SB-58 on BEVs, and the remaining 22 percent is attributable to the $50 additional fee imposed on PHEVs.

This analysis does not account for the possibility that those who register an electric vehicle or renew a registration for an electric vehicle in calendar year 2021 might register the vehicle for a two-year term to avoid the new additional registration fee that will take effect on January 1, 2022.

The table below reports the number of BEVs and PHEVs currently registered in New Mexico and estimates for the following years.

Number of Light Electric and Plug-in Hybrid Electric Vehicles Registered in New Mexico as of June 30, 2020		
FISCAL YEAR	**BEV**	**PHEV**
2020*	1,820	1,828
2021	2,419	1,985
2022	3,101	2,112
2023	3,773	2,219
2024	4,468	2,312

2025	5,213	2,386

*Values are stock of noncommercial vehicles weighing no more than 26,000 lbs., registered in New Mexico as of June 30, 2020. The numbers were derived from the Motor Vehicle Division (MVD) data extract of all vehicles registered in New Mexico. The vehicle identification number (VIN) information of the registered vehicles in the MVD data extract was decoded using the National Highway Traffic Safety Administration (NHTSA) *Product Information Catalog Vehicle Listing* (vPIC) Application Programming Interface (API) to accurately classify the registered vehicles according to their electrification level.

The growth rates applied to data for projections were obtained using data from the *Annual Energy Outlook 2020* (on EIA.gov website) on national vehicle stock for PHEVs and BEVs under the 'Reference' scenario.

The U.S. Energy Information Administration (EIA) provides a forecast for the national vehicle stock of HEVs; two types of PHEVs: plug-in 10 and plug-in 40; and three types of BEVs: 100-mile, 200-mile and 300-mile.

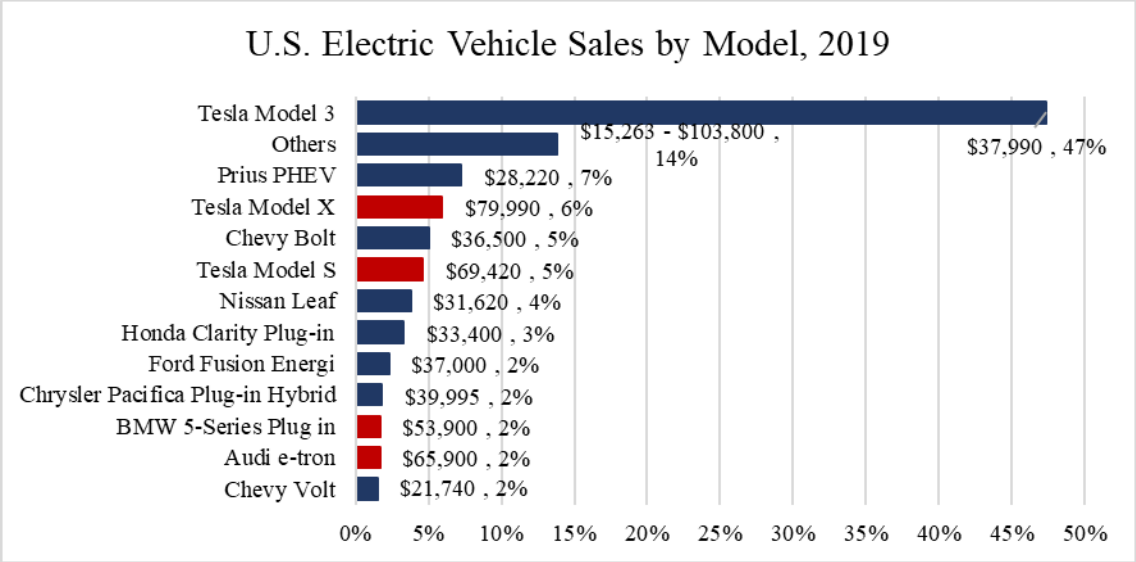
The fiscal impact analysis uses an average of the growth in the two types of PHEVs to arrive at the growth rate for PHEVs stock in the United States. Similarly, it uses the average of the growth in the three types of BEVs to arrive at the growth rate in BEV stock for the United States. It is then adjusted for national growth rate forecasts to reflect the trend observed in New Mexico thus far. To do so, it derives a ratio of the actual FY20 New Mexico growth in stock of PHEVs and BEVs over the FY20 national growth (from EIA) in the stock of those vehicles. That ratio is then used to appropriately scale the future growth rates to reflect the tastes and preferences of New Mexico drivers compared with those of national drivers.

TRD has estimated the general fund impact from the two refundable tax credits. The NMDOT and TRD estimates match.

To estimate the impact of this bill, TRD used a Motor Vehicle Division (MVD) data extract of all vehicles registered in New Mexico. The vehicle identification number (VIN) of the registered vehicles in the MVD data extract was decoded using the National Highway Traffic Safety Administration (NHTSA) *Product Information Catalog Vehicle Listing* (vPIC) application programming interface to accurately classify the registered vehicles according to their electrification level. The growth rates applied to data for projections were obtained using data on national stock of electric vehicles from the U.S. Energy Information Administration (EIA) *Annual Energy Outlook 2020* on national electric vehicle stock. The growth rates in EIA's forecast were estimated averaging the forecasted growth in battery electric vehicles stock with ranges between 100 to 300 miles and plug-in electric vehicle stock with ranges 10-40 miles. These rates were adjusted to be in line with New Mexico's vehicle purchases in FY20.

To estimate the impact of electric vehicle income tax credit as proposed in section 1 of this bill, it was assumed that 79 percent of the increase in stock of electric vehicles each year is attributable to sales of vehicles meeting the $48 thousand base price threshold. The chart below shows the price and distribution of the most popular electric vehicle models sold in

2019 according to information available from the Transportation Research Center at Argonne National Laboratory.

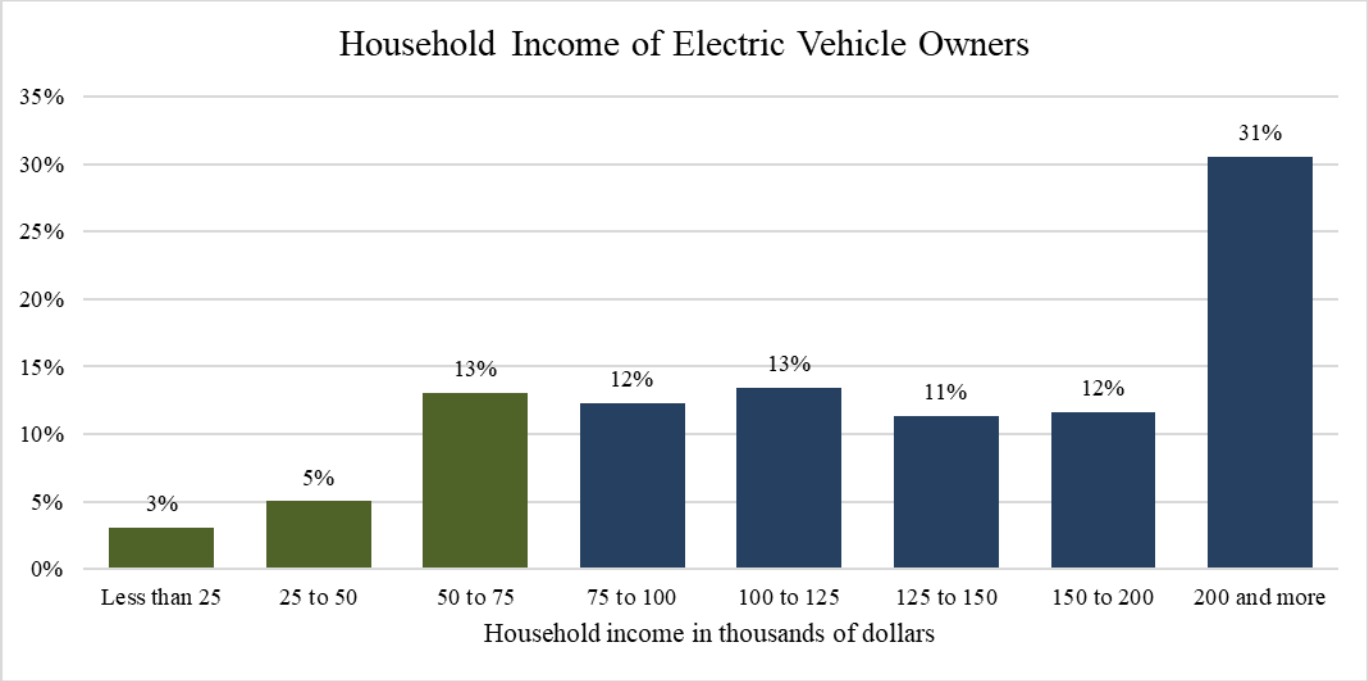


Source: Transportation Research Center at Argonne National Laboratory, https://www.anl.gov/es/light-duty-electric-drive-vehicles-monthly-sales-updates

It was further assumed that 30 percent of the sales of the electric vehicles meeting the price threshold is attributable to lower-income households that qualify for the higher credit. This assumption is based on various survey data that show that electric vehicle purchases are usually made by households with relatively higher income levels that own more than one car[1,2,3]. The chart below shows the income distribution of households with electric vehicles from the 2017 National Household Travel Survey conducted by the Federal Highway Administration of the U.S. Department of Transportation (USDOT).

To estimate the impact of electric vehicle charging unit income tax credit as proposed in section 2 of this bill, it was assumed that all purchasers of full electric vehicles and half of plug-in electric vehicles will also buy a qualifying charger. Fully electric vehicles require a higher speed charger to fully access their capabilities, while plug-in electric vehicles can frequently get by with the standard wall socket charger usually included with the vehicle. It was also assumed that all the charger purchases will qualify for the full amount of $300 credit. The national average for installing a standard electric vehicle charging station ranges between $454 and $1,066, while the median cost is $751 each[4].

[1] https://www.forbes.com/sites/brookecrothers/2019/09/22/why-americans-dont-buy-electric-cars-hey-the-tesla-model-3-isnt-that-popular/?sh=5c19120837fd
[2] https://nhts.ornl.gov/
[3] https://www.americanexperiment.org/2018/05/electric-cars-mostly-wealthy-people-youre-subsidizing-purchase/
[4] https://www.homeadvisor.com/cost/garages/install-an-electric-vehicle-charging-station/#:~:text=The%20national%20average%20for%20installing,1%20or%20a%20Level%202.



Source: DOT, 2017 National Household Travel Survey (https://nhts.ornl.gov/)

The fiscal impact of the credits is uncertain, especially in the long-term, but cannot exceed the caps of $10 million and $1 million annually, respectively. As shown, neither credit is expected to reach its limitation during the forecast period. Note the credits sunset at the end of 2025 and are therefore considered nonrecurring. The fees do not have a sunset provision.

The first year of both the credits and new fees only affect half of a fiscal year. The effect of the additional registration fees on electric vehicles in FY 2022 does not account for the possibility that many individuals that will purchase an electric vehicle after the passage of this bill and before the effective date of the new fees might opt for a 2-year registration to avoid the higher fee in the near term.

SIGNIFICANT ISSUES

This issue has been the subject of intense interest the previous two years. The table here lists electric vehicle and hybrid electric vehicle tax credit, registration fee and charging station tax credit bills.

HB-185 (2019)
HB-217 (2020)
HB-313 (2020)
HB-612 (2019)
SB-2 (2020)
SB-20 (2020)
SB-101 (2020)
SB-333 (2019)

SB58 is very similar to last year's House Floor Substitute for HB217 as amended; however, among other differences, HB217 set the registration fee for at $50 and distributed 100 percent of

the registration fees to the state road fund, as opposed to the split in SB58 of 77 percent to the state road fund and 23 percent to the local government road fund. Annual caps on total electric vehicle tax credits were the same in HB217 and SB58 at $10 million and $1 million for residential charging stations.

NMDOT summarized an important policy embedded in the provisions of this bill:

> With the passage of this bill, owners of PHEVs and BEVs will contribute to the construction, maintenance and improvement of public roads and highways, in the same way as gasoline vehicle owners do via fuel taxes.

EMNRD, concerned with climate change mitigation and pollution control ,also summarized the policies embedded in this bill.

> Not enacting this bill would be a missed opportunity to accelerate the adoption of electric vehicles for low- and moderate- income residents in New Mexico by providing an income tax incentive.

TRD provided more extensive comment on several aspects of this bill:

> The income tax credits proposed in this legislation provide an incentive for lower income New Mexicans to purchase electric vehicles that might otherwise be too expensive for their budgets. Such an incentive, although desirable if the goal is to promote electric vehicle adoption, will affect the horizontal equity aspect of income taxation. Horizontal equity requires that similarly situated individuals have the same tax burden. Discriminating the income tax burden between two individuals that have similar levels of income but make different vehicle purchase choices will make the income tax structure less fair.
>
> Over the last decade, tremendous advances have been made in the electric vehicle technology market. These advances have not only increased the mile range of those vehicles but also decreased the cost of production and consequently their price[5]. These costs and the price are expected to continue their downward trend over the next 10 years[6]. As a result, the price gap between internal combustion engine (ICE) vehicles and electric vehicles has been shrinking significantly. The number of models available for purchase in the same price range as an average ICE vehicle (approx. $35,000) has also been steadily increasing (see Chart -1 above).
>
> Studies have shown that electric vehicles can dramatically reduce carbon emissions from transportation[7]. However, it must also be noted that vehicles that are solely powered by electricity may not always be superior to ICE vehicles. Electric vehicles are powered by electricity and have zero tailpipe emissions, but emissions may be produced by the source of electrical power, such as a power plant. In geographic areas that use relatively low-polluting energy sources for electricity generation, electric vehicles typically have lower emissions well-to-wheel than similar conventional vehicles running on gasoline or diesel. In regions that depend heavily on coal for electricity generation, electric vehicles may not demonstrate a strong well-to-wheel emissions benefit[8]. About 42% of electricity generated

[5] https://www.caranddriver.com/research/a31544842/how-much-is-an-electric-car/#:~:text=According%20to%20Quartz%2C%20the%20average,decrease%20from%20the%20year%20before.
[6] https://theicct.org/sites/default/files/publications/EV_cost_2020_2030_20190401.pdf
[7] https://www.nrdc.org/experts/luke-tonachel/study-electric-vehicles-can-dramatically-reduce-carbon-pollution
[8] https://afdc.energy.gov/files/u/publication/ev_emissions_impact.pdf

in New Mexico comes from coal[9]; New Mexico's reliance on coal is expected to diminish in future years.

The yearly registration fees in the bill are an attempt to maintain funding for roads in a market with rising sales of electric vehicles. Because electric vehicles consume less gasoline, owners of electric vehicles pay less gas tax than drivers of ICE vehicles. Although the percentage of such vehicles in the state is currently so small as to have little effect on road funding, the impact will grow over time to the extent more New Mexicans choose electric vehicles. Overall, increasing mileage efficiency of all vehicles and increasing sales of larger vehicles have been shown to have much greater effects on the road fund.

EMNRD submitted the following pertinent information in addition to the summary statement above:

SB 58 would enact a tax credit to further encourage the purchase or lease of electric vehicles. EMNRD's Climate and Clean Fuels program promotes alternative fuel vehicle usage in the state (through equality and equity) and to reduce transportation emissions.

Electric vehicles can save drivers money, over time, due to lower operating and maintenance costs. For example, the US Department of Energy estimates an all-electric 2019 Chevy Bolt could save a driver driving approximately 138 miles five days a week per year (approximate distance to and from Albuquerque to Santa Fe) $913 in fuel costs and $1,392 in other operating costs (such as maintenance). Additionally, driving electric vehicles will help meet the state's emission targets. In 2018 transportation emissions were estimated to be 15.8 million metric tons CO2 in New Mexico which is the second highest source of emissions in the state according to a new study from Colorado State University conducted in 2020 and referenced in the New Mexico Climate Change Report 2020.

The credit in SB 58 will greatly increase lower income purchasers' ability to buy electric vehicles and help more New Mexicans take advantage of the benefits of electric vehicles.

It is important for leased vehicles to be eligible for the tax credits because:

- Drivers may want a shorter commitment due to the rapid pace of technology improvement and the possibility of better electric vehicle options arriving on the market soon.
- Drivers may be more comfortable with a lease if they are unfamiliar with electric vehicles and want to experience their benefits first-hand before making a long-term purchase decision.
- Leasing costs are still significant for electric vehicles. The table below lists MSRP and estimated leasing costs for four of the lowest-cost options available in New Mexico, according to their respective manufacturer websites. Leasing cost estimates incorporate manufacture incentives if available.

Make and Model	Base MSRP (before incentives)	Electric Range (miles)	Type	Amount Due at Lease Signing (est.)	Monthly Lease Payment (est.)	First Year Cost (est.)	Annual Cost After First Year (est.)

[9] https://afdc.energy.gov/vehicles/electric_emissions.html

Nissan Leaf*	$31,600	149	All electric	$1,774	$199	$4,162	$2,822
Chevy Bolt	$36,620	259	All electric	$284	$284	$3,692	$3,408
Tesla Model 3	$37,990	263	All electric	$1,201	$506	$7,273	$6,072
Kia Niro PHEV***	$24,590	26	Plug-in hybrid	$685	$285	$4,105	$3,420

Registration Fee

The yearly registration fees in the bill are an attempt to maintain funding for roads in a market with increased sales of electric vehicles. Gas tax revenue depends on total fuel consumed, which is a function of both miles traveled and vehicle fuel efficiency. EPA estimates that the average fuel efficiency of 2020 models was 27 miles per gallon (MPG). Most electric vehicles are far more efficient, and more comparable to efficient vehicles such as the Toyota Prius. The table below illustrates how total gas tax paid in a year varies for different vehicle types and total miles driven. Combined city and highway MPG ratings assume 45% highway driving and 55% city driving.

Vehicle Type	EPA MPG Rating	Annual Gas Tax Paid: 10,000 miles per year	Annual Gas Tax Paid: 15,000 miles per year
Average 2020 Model	27	$63	$94
Efficient vehicle (Toyota Prius)	52	$33	$49

Transportation is the second-largest source of emissions in New Mexico. Increasing adoption of electric vehicles by reducing the cost for New Mexicans of varying income levels will help reduce these emissions and help the state meet its greenhouse gas reduction goals. DOE estimates switching from a gasoline-powered car to an all-electric or plug-in hybrid vehicle with New Mexico's current electricity generation mix would save, on average, over 5,700 and 4,500 pounds of CO2e emissions annually.

PERFORMANCE IMPLICATIONS

The LFC tax policy of accountability is met with the bill's requirement to report annually to an interim legislative committee regarding the data compiled from the reports from taxpayers taking the deduction and other information to determine whether the deduction is meeting its purpose.

ADMINISTRATIVE IMPLICATIONS

TRD notes moderate administrative impacts to implement the provisions of this bill. The Motor Vehicle Division will be impacted, as well as the operations divisions for the personal income tax credits which will have to be certified by TRD staff.

This bill will impact MVD-Financial Distributions Bureau processes, MVD Distribution Matrix updates, and Tapestry system configuration. Increased revenues resulting from the additional annual registration fees will require reprogramming of funds and financial distribution procedures.

Implementing this bill would have an impact on the Information Technology Division of TRD of approximately 1,040 hours or about six and a half months and an estimated cost

of $53,706 in staff workload for both the tax and MVD systems. . The tax changes require approximately 400 hours of effort or approximately two and a half months for an estimated cost of $20,656. These costs can be a part of the annual tax year changes for Tax Year 2021. The MVD system changes involve developing, testing and implementing the changes and will require approximately 640 hours or four months for an estimated cost of $33,050. Changes include the new fee collection and distribution, updates to MVD's web portal and kiosk, and updates to taxpayer information.

Implementing the proposed motor vehicle related changes will have little to no impact on MVD policies and procedures. Training will need to be developed and implemented for Field Operations, Central Operations and Revenue Processing Division (RPD) staff to ensure that the correct fuel type is selected for the vehicle being registered. The Tapestry system will need to be updated to allow for different fee calculations based on the vehicle type.

There is an administrative impact on RPD that is dependent on which division certifies credit eligibility and current issues identified above which require one FTE to manage the credit as credit inventories will increase. Every tax return submitted with a tax credit claim will be suspended and the credit award determined at the time of filing. This leads to increased workload and processing time for these returns. The recurring budget estimate for RPD is based on a Tax Examiner-O.

Estimated Additional Operating Budget Impact*				**R or NR****	**Fund(s) or Agency Affected**
FY2021	**FY2022**	**FY2023**	**3 Year Total Cost**		
--	$53.7	--	$53.7	NR	ITD – Staff Workload
--	$54.2	$54.2	$108.4	R	RPD – Additional FTE

* In thousands of dollars.
** Recurring (R) or Non-Recurring (NR).

TECHNICAL ISSUES

TRD has several technical concerns:

To prevent inadvertently exceeding an annual cap, TRD supports calculating the approach to the cap at the time of certification. Certification of a vehicle or charging unit does not automatically translate into a claim for a tax credit. Therefore, even if certification caps were met, the cap in claims may not still be met. [LFC staff response: this is less an issue than for other credits because this is a refundable credit. There would be no reason for a taxpayer, once certified, to file an income tax return at the earliest possible moment to claim the $2,500 or $5,000 credit.]

The provisions of this bill do not clearly address whether the credit amount ranges between $2,500 and $5,000, depending on the taxpayer's Adjusted Gross Income (AGI), or if the allotment is binary. [LFC staff response: TRD will possibly need to rule on this point. Presumably, the previous year's personal income tax filing will be used to establish the level of tax credit at the time of certification.]

Tying the credit amount to the taxpayer's AGI may be problematic for TRD's ability to administer the credit. This scenario could cause lags in the certification and allotment of the credit because TRD will be asked to approve the credit prior to knowing whether the credit cap has been met. [LFC staff response: it is unlikely that either cap will be reached, so this may not be an issue.]

TRD suggests adding language to the bill to specify that in the event of an amended PIT return where the taxpayer's AGI changes without intent by the taxpayer to misrepresent their income to qualify for the higher credit, that TRD will not rescind the credit. [LFC staff response: again, TRD may be required to rule on this point.]

TRD notes that the bill also does not specify any residency requirements for the taxpayer claiming the credit, neither does it mention if the vehicles is required to be purchased in New Mexico or registered in New Mexico for the taxpayer to claim credit. It is possible a non-resident who purchases and registers an electric vehicle in another state, but who files a New Mexico PIT return as a non-resident could claim the credit. Although the US Commerce Clause likely precludes the credit from being available only to residents, the bill could specify that the vehicle be registered and/or purchased in New Mexico.

Section 2, Subsection G of the proposed legislation allows for owners of a partnership or limited liability company to receive the electric vehicle charging unit credit in the proportion of their ownership interest in the business entity, if the entity is eligible for the tax credit. Such partitioning of the distribution is administratively challenging due to TRD's inability to determine the accurate proportions. Also, this provision is unlike the provisions made under Section 1 for the electric vehicle income tax credit. To keep the two credits consistent, and to minimize administrative challenges, TRD suggests removing the credit provision for business entities in Section 2.

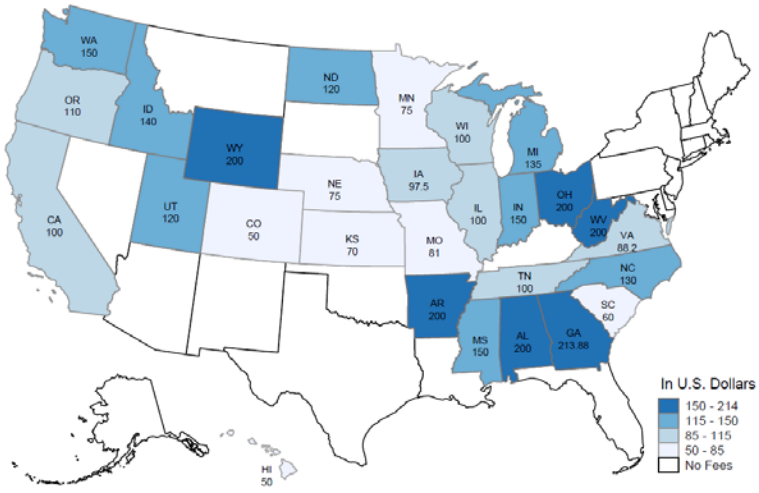
OTHER SUBSTANTIVE ISSUES

From the perspective of NMDOT, which is increasingly pressed for revenue because of the long-term improvement in fuel efficiency of the vehicle fleet, "The merit of SB58 is that it establishes the precedent that owners of fuel-efficient vehicles, such as PHEVs and BEVs, should contribute towards the goal of a safe and efficient roadway system in the state of New Mexico."

As shown in the charts below, several other states have moved in this direction: 28 states impose an additional annual fee on BEVs, and 17 states impose an additional fee on PHEVs.

Additional Registration Fees Imposed on Battery Electric Vehicles*

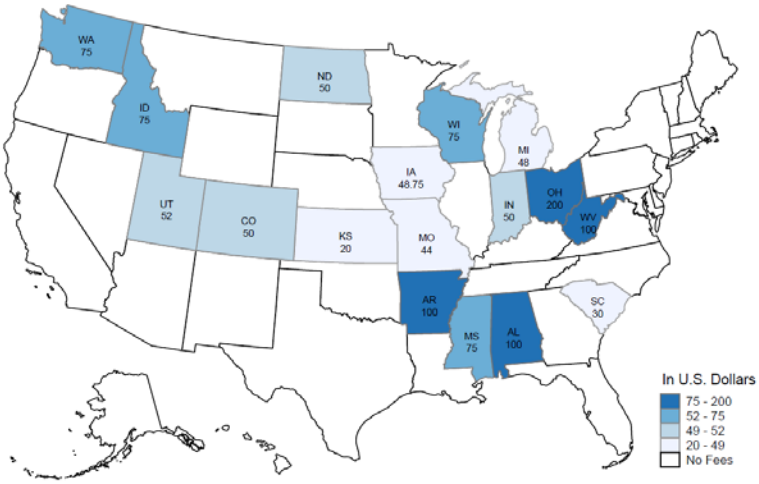
Effective January 1, 2021



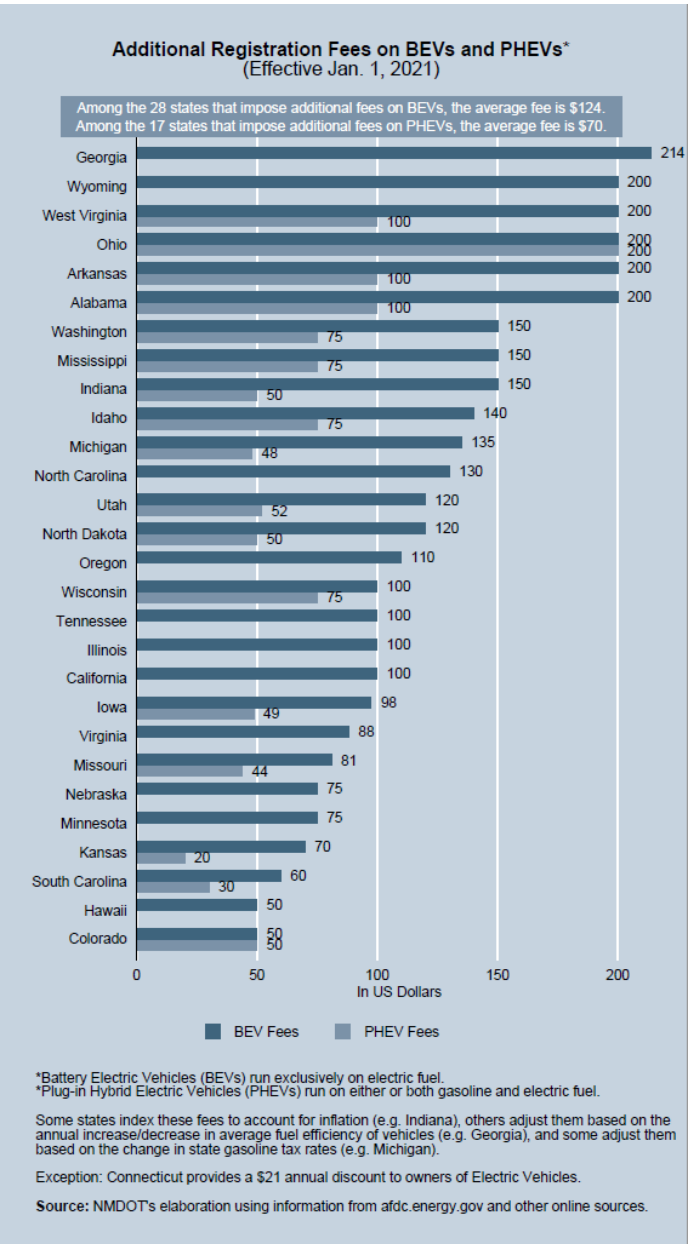
*Battery electric vehicles (BEVs) run exclusively on electric fuel.
Average additional fees on BEVs imposed by 28 states is $124.
Exception: Connecticut provides a $21 annual discount to owners of Electric Vehicles.
Source: NMDOT's elaboration using information from afdc.energy.gov and other online sources.

Additional Registration Fees Imposed on Plug-in Hybrid Electric Vehicles*

Effective January 1, 2021



*Plug-in Hybrid Electric Vehicles (PHEVs) run on either or both gasoline and electric fuel.
Average additional fees on PHEVs imposed by 17 states is $70.
Exception: Connecticut provides a $21 annual discount to owners of Electric Vehicles.
Source: NMDOT's elaboration using information from afdc.energy.gov and other online sources.



ALTERNATIVES

TRD notes the following alternative:

> It should be noted that electric vehicle "fuel" is already taxed, as gross receipts tax on electricity. From a percentage standpoint, the current state gasoline tax (which is distributed to the road fund) of 17 cents is 7.8 percent of the current average untaxed price of $2.19. This compares closely to the statewide average gross receipts tax (GRT) rate of 7.7 percent (which is distributed to the general fund and to local governments) that electric vehicles owners are already paying for electricity. Because of this, the yearly registration fee in the bill functions as an additional tax solely on electric vehicles. Therefore, to adhere more closely to tax policy principles, an alternative to the fee method in the bill could be a distribution from GRT to the state road and local governments road fund, like the GRT distribution to the aviation fund contained in Section 7-1-6.7 NMSA 1978. The

size of the distribution could be linked to the number of electric and plug-in vehicles registered with MVD.

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