

REVENUE: Revenue statement issued

FISCAL: Minimal fiscal impact, no statement issued

Action:	Without Recommendation as to Passage As Amended, Be Printed Engrossed, and Be Referred to the Committee on Revenue by prior reference
Vote:	10 - 0 - 0
Yeas:	Bailey, Bentz, Berger, Boone, Edwards D., Gilman, Kahl, Schaufler, Weidner, Beyer
Nays:	0
Exc.:	0
Prepared By:	Patrick Brennan, Administrator
Meeting Dates:	4/8, 4/15

WHAT THE MEASURE DOES: Establishes a tax credit of up to \$5,000 for plug-in electric drive motor vehicles, which may be claimed on up to five applicable vehicles per owner. Specifies requirements for a vehicle to qualify for the tax credit. Applies to tax years beginning on or after January 1, 2010.

ISSUES DISCUSSED:

- Types of plug-in electric vehicles and their cost at retail and to manufacture
- Manufacture versus assembly of vehicles
- Potential to attract and retain jobs involved in vehicle manufacture

EFFECT OF COMMITTEE AMENDMENT: Replaces scale of maximum allowable tax credit with flat maximum of \$5,000 per vehicle. Specifies that a tax credit can be claimed on up to five applicable vehicles. Adds applicability requirement that the vehicle have a maximum speed of at least 35 miles per hour. Makes tax credit applicable to three-wheeled vehicles that otherwise qualify for the credit.

BACKGROUND: ORS 316.116 allows Oregon residents a tax credit for certain alternative energy devices. In most cases, the tax credit is calculated based upon the amount of energy saved, measured in terms of alternative energy used, measured in kilowatt hours.

House Bill 3253-A creates a tax credit for individuals or corporations that purchase plug-in electric drive motor vehicles. To qualify, the vehicle must run solely on battery power (employing an off-board energy source for recharge) of at least four kilowatt-hours capacity, be assembled in Oregon, have a maximum speed of at least 35 miles per hour, and have been acquired by the taxpayer claiming the tax credit. The taxpayer must obtain a certificate from the Department of Energy to qualify. The maximum allowable tax credit is \$5,000 per vehicle, and may be claimed on up to five applicable vehicles.

Plug-in electric vehicles are differentiated from hybrid electric vehicles in that they typically utilize both battery power and an internal combustion engine. All-electric vehicles are charged by connecting or coupling to an off-vehicle energy source to recharge the batteries that provide for propulsion; it is not possible to charge the vehicles while they are in operation. As a result, the vehicles do not emit pollutants while in operation.