



Drive Oregon
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May 10, 2011

Joint Committee on Tax Credits
900 Court St. NE
Salem, Oregon 97301

RE: HB 2524 and SB 822 Extends sunsets for tax credits for use of alternative fuel vehicles and for construction of fueling stations for alternative fuel vehicles.

Dear Members of the Joint Committee on Tax Credits:

As a preface to our comments and to better provide you with their context, I want to share that Drive Oregon is a non-profit coalition of Oregon companies and interest groups engaged in the electric vehicle industry and transportation electrification sector. Our mission is to catalyze the growth of Oregon's electric vehicle industry, ensuring Oregon develops and maintains its competitive advantage and maximizes the economic development potential of this emerging industry. We have a committed volunteer board that participates in and monitors the business, policy and regulatory environment and is deeply invested in how policies will shape the successful deployment of electric vehicle technologies and infrastructure. We currently have over forty members and affiliates, including ECOtality, Eaton, ReVolt, Arcimoto, Greenlite Motors, and AmFor Electronics. I attach a list of members for your review (Attachment A).

We consider HB 2524-A and SB 822 to be critical pieces of the larger public policy strategy to promote the development of the electrification of Oregon's transportation sector. While the amount of the credits are

modest, we believe they leverage a number of benefits to Oregonians economically and environmentally.

First, make no mistake that the critical time for constructing an EV ecosystem is now. Many states are pursuing plans for rolling out infrastructure and assisting local industries to capture this evolving market and its jobs. While Portland has consistently placed high relative to the other largest fifty metro areas in its potential to develop an EV leadership role, it is not first nor is it currently predicted to be in the top five markets for EV purchases through 2017.¹ Nonetheless it is ranked 12th overall with a tremendous opportunity to continue to improve its position given its standing. Portland is No.1 in regional demographics conducive for EV deployment and No. 5 as having a roll-out plan attractive to car manufacturers interested in launching their vehicles to market. Our concern is that, while for many the availability of this technology drives their decision to buy, the availability of credits consistently ranks as the most important factor in many consumers' decision to purchase.² The perception that the sticker price for these vehicles is higher than combustion vehicles, whether it is true or not, continues to put a drag on sales.

In addition we are still in a jobless recovery, which continues to impact even motivated purchasers of all vehicle types. In Oregon, the Nissan Leaf pre-enrollment has been much lower than expected- currently standing at approximately 600 sign-ups out of a total of 900 vehicles originally allotted. The credit will continue to be important not only to offset the perception of the vehicle costs but also to offset the impact of the poor economy. Vehicles like the Nissan Leaf are not designed for affluent purchasers- they are intended to benefit mainstream drivers who seek out four-door family vehicles. While their initial costs are relatively high for this demographic, the use of tax credits allow EVs to remain competitive with their combustion engine competitors (\$25k +/-) and provide an opportunity for manufacturers to create a market that will go to scale and bring costs down further.

What does the legislature get for its investment in tax credits? With more electric vehicles on the roads, the infrastructure will expand across residential and public sites. ECOTality alone is planning on investing between \$16-20 million dollars and has created over 25 jobs in Oregon as part of its testing and construction of a modest preliminary charging system. We see the number of companies

¹ www.sustainablebusinessoregon.com/articles/2011/02/portland-ranked-12th-for-ev-adoption.html


² The Electrification Coalition's EV Roadmap and the Alternative Fuels Infrastructure Working Group (AFWG) final report both reference the availability of tax credits as major factors in the success of EV adoption. The AFWG was created by Governor Kulongoski in Executive Order EO-08-24. It issued its Final Report January 2010.

involved in fleet charging and all other types of charging systems rapidly ramping up as the number of vehicles increases. The more consumer interest in EVs expands, the greater the receptivity toward Oregon based EV designs that reduce congestion in urban settings and save on the export of Oregon dollars outside the state to pay for fossil fuel. In short, the construction of an EV ecosystem depends on getting consumers to purchase vehicles, which in turn creates a new and vital economic sector with value throughout the supply chain and a positive impact on the environment.

Lastly, we agree that no incentive should continue indefinitely. We want to stress that a trigger which reflects that the market has become mature should be incorporated into any incentives, provided it realistically measures the state of the market. The issue to be addressed is how best to measure when the consumer demand for this technology becomes strong enough to remove artificial stimulus and let the market forces themselves take over. We agree with amendments which propose a robust market penetration rate, such as 5.5% of new vehicle sales, as the prospective trigger provided they are indicative of sufficiently built out infrastructure. We have no doubt that these vehicles will become popular with consumers and will reach a point where no governmental assistance is necessary. However, we also believe that a strategic investment in credits and other policies designed to enhance their attractiveness in the short term is necessary to even the playing field and allow EVs to gain the exposure and infrastructure they will need to become more widely accepted. Again, the more consumers we can convince to purchase EVs at the outset, the more rapidly this market will develop and become financially autonomous.

Thank you for your consideration of these issues. Please feel free to contact me should you have any questions or require further clarification of any of these points.

Sincerely,



Barry Woods
Board of Directors
Drive Oregon



Attachment A

Member Directory

Alltrax
Grants Pass, OR
Components/Systems

AmFor Electronics
Portland, OR
Components/Systems

Apex Drive Laboratories Inc.
Portland, OR
Components/Systems

Arcimoto
Eugene, OR
Vehicles

Baker Motorcycle Company
Portland, OR
Vehicle

Brammo
Ashland, OR
Vehicle

CleanFuture
Portland, OR
Consulting Services

Eaton
Wilsonville, OR
Electrical Sector/Charging Infrastructure

EcoSpeed Inc.
Portland, OR
Components/Systems

ECotality
Portland, Or
Charging Station Infrastructure

EnerG2
Albany, OR
Energy Storage

EnerSol Energy System Services
Portland, OR
Consulting Services

Entek International
Lebanon, OR
Energy Storage

Green Lite Motors Corporation
Portland, OR
Vehicles

KersTech Vehicle Systems
Portland, OR
Components/Systems

Lektro
Warrenton, OR
Vehicles

Metric Mind
Milwaukie, OR
Components/Systems

Motoczysz
Portland, OR
Vehicles

NACCO Materials Handling Group, Inc.
Fairview, OR
Vehicles

OnTo Technology
Bend, OR
Battery Recycling

Optimization Technologies
Beaverton, OR
Charging Infrastructure

Palatov Motorsports LLC
Portland, OR
Vehicles

Porteon Electric Vehicles, Inc.
Portland, OR
Vehicles

RED Cloud EV
Ashland, OR
Components/Systems

ReVolt Technology
Portland, OR
Components

Rinehart Motion Systems

**Wilsonville, OR
Components/Systems**

**Rogue Energy, LLC
Portland, OR
Energy Storage**

**RYNO Motors
Vancouver, WA
Vehicles**

**Shorepower Technologies
Portland, OR
Charging Infrastructure**

**Stites Design
Portland, OR
Vehicles**

**SynkroMotive LLC
Portland, OR
Components**

**Tinitron
Hillsboro, OR
Components/Systems**