

Electric Vehicles

Summary

Battery technology improvements, declining battery costs, and significant government incentives are driving increased adoption of electric vehicles (EVs) nationwide. The Energy Information Administration anticipates that EV sales will reach 12 percent of new passenger vehicle sales by 2050. This “electrification” of the transportation sector is expected to lead to reduced emissions, economic growth (from investments in EV technologies), and the enhancement of America’s energy security through the diversification of transportation fuels. EVs may also be an asset to the grid through vehicle-grid integration technologies, including by absorbing excess generation from renewable energy resources, curtailing charging during peak hours, and even transferring power back to the grid if needed. Public power utilities are working with their communities to enable greater EV adoption through the development of charging infrastructure and EV customer programs and investment in smart grid technologies to manage EV charging. The American Public Power Association (APPA or Association) supports policies to promote the adoption of EVs and the ability for public power utilities to provide EV-related services to their customers.

Background

The Internal Revenue Code includes several provisions to promote EVs. The Alternative Fuel Vehicle Refueling Property Credit (26 U.S.C. 30C) provides a tax credit equal to 30 percent of the cost of installing alternative fuel vehicle refueling infrastructure, including EV recharging. The credit is capped at \$30,000 for a business and \$1,000 for an individual. This credit was created by the Energy Policy Act of 2005 but expired for installations after December 31, 2017. The New Qualified Plug-in Electric Drive Motor Vehicles Credit (26 U.S.C. 30D) provides a tax credit for the purchase of a new plug-in electric vehicle. Depending on the vehicle’s battery capacity, the credit is worth at least \$2,500, but no more than \$7,500. The credit was created in the Energy Improvement and Extension Act of 2008 and is phased out for any vehicle manufactured by a manufacturer

that has sold 200,000 or more qualifying EVs. In the case of a tax-exempt entity that cannot make use of these tax credits, such as a public power utility, the tax credits instead can be claimed by the seller of the EV.

Additionally, the Fixing America’s Surface Transportation (FAST) Act of 2015 included several measures to accelerate the growth of the EV market. One provision directed the Department of Transportation (DOT) to create corridor maps to identify “near- and long-term need for, and location of, electric vehicle charging infrastructure...across the United States.” In November 2016, DOT released a map of 55 routes that will serve as the basis for a national network of alternative-fuel corridors, spanning 35 states and nearly 85,000 miles.

Congressional Action

Several bills intended to further encourage EV purchase and EV infrastructure investments were introduced in the 115th Congress. Representative Peter Welch (D-VT) and Senator Jeff Merkley (D-OR) introduced H.R. 6274 and S. 3449, the Electric CARS Act of 2018, to extend the refueling property tax credit through 2028. Senator Maria Cantwell (D-WA) circulated a bill that would have expanded the refueling property tax credit and the plug-in vehicle tax credit and added a tax credit for the manufacture of EVs. Senators Sheldon Whitehouse (D-RI) and Merkley introduced S. 3664, a bill that would have phased-in (from 2030 to 2040) a federal zero-emission-vehicle mandate. Finally, a year-end spending bill would have extended the refueling property tax credit through December 2018.

Other bills were introduced to remove incentives for EVs and EV charging infrastructure. Representative Diane Black (R-TN) and Senator Dean Heller (R-NV) introduced bills (H.R. 7065/S. 3582) to remove the 200,000-vehicle cap on the plug-in vehicle tax credit and replace it with an expiration in 2022. Senator John Barrasso (R-WY) introduced S. 3559, which would have ended the plug-in vehicle tax credit and instead imposed a new user fee on alternative fuel vehicles that do not purchase gasoline and therefore do not pay the gasoline taxes that finance the Highway Trust Fund.

None of these EV bills were formally considered in the 115th Congress, but one bill has been reintroduced and several new bills have been introduced in the 116th Congress. Senator Barrasso reintroduced his bill to end the plug-in vehicle tax credit and to institute a user fee on alternative fuel vehicles, S. 343, the Fairness for Every Driver Act. Representative Jason Lewis (R-MO) introduced the House companion bill (H.R. 1027) to the Barrasso legislation. Senator Chuck Grassley (R-IA) introduced S. 617, the Tax Extender and Disaster Relief Act of 2019, which would extend a variety of tax credits, including the credit for alternative fuel refueling infrastructure, beyond the current December 31, 2017, deadline through the end of 2019.

Senator Tom Carper (D-DE) introduced S. 674, the Clean Corridors Act of 2019, to establish a federal grant program for public entities, including public power utilities, to install electric vehicle charging infrastructure and hydrogen fueling infrastructure along designated routes established in the FAST Act. APPA supports this legislation. In addition, Senators Lamar Alexander (R-TN) and Debbie Stabenow (D-MI) introduced S. 1094, the Driving America Forward Act, which would, among other things, raise the vehicle cap on the plug-in vehicle tax credit to 600,000.

American Public Power Association Position

Public power utilities are committed to providing their communities with the infrastructure and programs needed to support increased EV adoption. Insofar as Congress seeks to encourage the use of EVs, it should ensure that any such incentives are available to public power utilities and their customers. Public power supports S. 674, the Clean Corridors Act of 2019, because it would allow public power utilities to receive federal grants to install EV charging stations adjacent to established routes.

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The American Public Power Association is the voice of not-for-profit, community-owned utilities that power 2,000 towns and cities nationwide. We represent public power before the federal government to protect the interests of the more than 49 million people that public power utilities serve, and the 93,000 people they employ. Our association advocates and advises on electricity policy, technology, trends, training, and operations. Our members strengthen their communities by providing superior service, engaging citizens, and instilling pride in community-owned power.