

OFFICE OF FISCAL AND PROGRAM REVIEW

Work Session Date: March 8, 2013

To: Members, Joint Standing Committee on Taxation

From: Elizabeth Cooper, Legislative Analyst

LD 361, An Act To Promote Plug-in Electric Vehicle Sales

Summary: This bill creates an income tax credit for the purchase of a qualified plug-in electric vehicle that is equal to the excise tax paid, up to \$1,000. The credit expires January 1, 2017.

Presentation: Senator Goodall presented the bill for the sponsor.

Public Hearing:

Proponents

- Those testifying in support of the bill included representatives of General Motors, Friends of Maine Mountains and ENE (formerly Environment Northeast).
- *Major points:* encourages purchase of electric vehicles; cleaner than hybrids; other states provide credit; helps decrease dependence on fossil fuels.

Opposed

- Testifying in opposition to the bill was a representative for Americans for Prosperity.
- *Major points:* already an incentive to purchase due to savings on gasoline; doesn't bring cost down but shares it with other taxpayers.

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- Those testifying “neither for nor against: the bill included a representative Maine Better Transportation Association.
- *Major points:* need to look at bigger policy issues related to declining fuel taxes and road maintenance as more vehicles are purchased that do not contribute to fuel taxes increase.

Technical issues: There are issues that the Committee may want to consider before moving forward with this bill. These included a double benefit for taxpayers whose itemized deductions include excise tax paid on motor vehicles; during the credit period if a vehicle is purchased on the last day of the year, as written, it will not be eligible for the credit; taxes will be filed after repeal date; and with no carry forward, taxpayers with a liability less than \$1,000 will be limited to a credit equal to their tax liability.

Similar bills: LD 1086 (125th)

Fiscal Information: The preliminary fiscal impact statement was not available at the time this analysis was completed. However, the estimate for the bill in the 125th included revenue loss of up to \$780,000 in the 3rd year of the credit.