

SUMMARY OF NO. 21-28

This proposed law would provide tax credits and point-of-sale rebates on the purchase of electric vehicles, conversion of gasoline powered vehicles to electric vehicles, and purchase and installation of eligible home improvement systems (including high efficiency heat pumps, solar power systems, and energy storage systems).

The total tax credit claimable by a taxpayer, in any tax year, would be capped at the taxpayer's total tax liability for that year, but the taxpayer would be able to carry over any unused tax credits to offset future tax liabilities for up to ten (10) years. The proposed law would prohibit a taxpayer from claiming both a tax credit and a rebate on the same purchase.

The proposed law would offer a tax credit or rebate on the purchase of an electric vehicle equal to the smaller of either (a) \$25,000; (b) 50% of the purchase price; or (c) 300% of the trade-in value of the gasoline powered vehicle. The proposed law would also offer a tax credit or rebate for the conversion of a gasoline powered vehicle to a battery electric vehicle equal to the smaller of either (a) \$25,000; or (b) the full price of conversion. To qualify for these tax credits or rebates, a taxpayer would need to own a gasoline powered vehicle and (1) sell that vehicle to an eligible vehicle conversion contractor for either destruction of its engine or conversion of

its gasoline powered engine to a plug-in hybrid electric vehicle and purchase an electric vehicle; or (2) have that vehicle converted to a battery electric vehicle.

The proposed law would offer a tax credit or rebate on the purchase of an eligible home improvement system equal to the smaller of either (a) \$25,000; or (b) 75% of the purchase price of the eligible home improvement system. To qualify for the tax credit, a taxpayer would need to purchase Renewable Energy Certificates ("RECs") equal to 100% of their home's electricity consumption at or before the time of purchase of the eligible home improvement system and continuing through the end of any tax year in which the taxpayer would be claiming the tax credit.

To qualify for a tax credit or rebate, the proposed law would require a taxpayer to pay a zero-emission universal service surcharge, equal to 2% of the sales price before any point-of-sale rebate, on eligible purchases (including electric vehicles, home improvement systems, or conversions of gasoline powered vehicles to electric vehicles). The money collected from the zero-emission universal service surcharge would be deposited into a "Zero Emission Universal Service Fund," and would be used, subject to appropriation, to provide point-of-sale rebates to low-income taxpayers on eligible purchases.

Under the proposed law, the state Secretary of Energy and Environmental Affairs would be charged with promulgating

regulations to administer the proposed law. The Secretary would be required to establish an advisory council, made up of at least 26 members of the community, including certain specified environmental organizations. Annually, the advisory council could submit recommendations for improving implementation of the proposed law, and the Secretary would be required to respond to and report on all submitted recommendations. The Secretary would also be required to publish quarterly reports disclosing the revenues and expenditures of the Zero Emission Universal Service Fund and the breakdown of the total number of taxpayers claiming tax credits and rebates, and the total dollar amount spent by those taxpayers on eligible purchases.

The proposed law states that, if any of its parts are declared invalid, the remaining parts would stay in effect.

The proposed law would take effect January 1, 2023.