

Department of Legislative Services  
 Maryland General Assembly  
 2018 Session

FISCAL AND POLICY NOTE  
 First Reader

Senate Bill 177 (Senator Manno)  
 Budget and Taxation

Electric Vehicle Recharging Equipment Rebate Program and Electric Vehicle  
 Excise Tax Credit - Fiscal Year 2017 Applicants

This bill establishes a qualified plug-in electric vehicle excise tax credit and Electric Vehicle Recharging Equipment Rebate Program for a person who qualified for the programs during fiscal 2017 but did not receive an incentive due to the limitation on the total amount of incentives that could be awarded in the fiscal year. A person must meet applicable fiscal 2017 eligibility requirements and the incentives are equal to the amounts that were in effect during that fiscal year. **The bill takes effect July 1, 2018, and terminates June 30, 2019.**

Fiscal Summary

**State Effect:** Transportation Trust Fund (TTF) revenues decrease by \$1.2 million in FY 2019 due to the additional electric vehicle excise tax credit claims. No effect on expenditures.

(\$ in millions)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
SF Revenue	(\$1.2)	\$0	\$0	\$0	\$0
Expenditure	0	0	0	0	0
Net Effect	(\$1.2)	\$0.0	\$0.0	\$0.0	\$0.0

*Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease*

**Local Effect:** None.

**Small Business Effect:** Minimal.

## Analysis

**Current Law:** A person who purchased and installed electric vehicle recharging property during fiscal 2017 is no longer eligible for the Electric Vehicle Recharging Equipment Rebate Program. A person who purchased and titled a qualified electric vehicle during fiscal 2017 may no longer claim the tax credit against the vehicle excise tax credit.

### **Background:**

#### *Qualified Electric Vehicle Excise Tax Credit*

Chapters 359 and 360 of 2014 extended the qualified plug-in electric vehicle excise tax credit through fiscal 2017 and made several changes to the program. Subject to available funding, a person who newly acquired and titled for the first time a qualified vehicle may claim a credit against the vehicle excise tax. In fiscal 2017, the value of the credit was equal to the lesser of (1) \$125 times the number of kilowatt-hours battery capacity of the vehicle or (2) \$3,000. The credit was limited to 1 vehicle per individual and 10 vehicles per business entity. The Acts authorized Motor Vehicle Administration (MVA) to award a maximum of \$1.8 million in credits in each fiscal year and required the Maryland Energy Administration (MEA) to transfer in each fiscal year specified amounts from the Strategic Energy Investment Fund (SEIF) to TTF.

Chapter 363 of 2017 extended the program's termination date through fiscal 2020 and authorized MVA to award an annual maximum of \$3.0 million in credits beginning with fiscal 2018. The Act also (1) reduced the value of the credit to \$100 times the number of kilowatt-hours battery capacity of the vehicle, subject to a maximum of \$3,000, and (2) added an additional eligibility requirement by specifying that a qualifying vehicle must have a total purchase price of \$60,000 or less and a battery capacity of at least 5.0 kilowatt-hours.

As of September 2016, MVA awarded the maximum \$1.8 million in credits authorized for fiscal 2017.

#### *Electric Vehicle Recharging Equipment Rebate Program*

Chapters 359 and 360 of 2014 repealed the electric vehicle recharging equipment income tax credit and replaced the credit with a rebate program administered by MEA. The Acts authorized MEA to award an annual maximum of \$600,000 in rebates in fiscal 2015 through 2017. The rebate was equal to 50% of the cost of property that is located in the State and used for recharging vehicles propelled by electricity, subject to specified maximum values. MEA may also reimburse a person for the reasonable costs of installing

the qualifying equipment. An individual may not receive more than one rebate, but there are no limits on the number of rebates that can be issued to other entities.

Chapter 363 of 2017 (1) extended the program's termination date through fiscal 2020; (2) doubled to \$1.2 million the maximum amount of rebates MEA may award in each year; and (3) generally decreased the value of the incentives.

**Exhibit 1** shows the rebate value under current law compared to the value in fiscal 2017.

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**Exhibit 1**  
**Electric Vehicle Recharging Equipment**  
**Current and Fiscal 2017 Rebate Program**

	<u>% Credit</u>	<u>Maximum Value</u>
<b><u>Fiscal 2017</u></b>		
Individual	50%	\$900
Business*	50%	5,000
Retail Gasoline Service Station	50%	7,500
<b><u>Current Law</u></b>		
Individual	40%	\$700
Business*	40%	4,000
Retail Gasoline Service Station	40%	5,000

\*Includes units of State and local governments.

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MEA awarded the annual maximum amount of authorized rebates in each year (\$600,000) in fiscal 2016 and 2017.

**State Fiscal Impact:** The bill establishes a qualified plug-in electric vehicle excise tax credit and Electric Vehicle Recharging Equipment Rebate Program for a person who qualified for the programs during fiscal 2017 but did not receive an incentive due to the maximum amount of incentives that could be awarded in the fiscal year.

MVA advises that in fiscal 2017 there are an additional 493 qualified electric vehicles that would have received a tax credit of \$1.2 million but did not because the application was submitted after the maximum amount of credits had been awarded. Accordingly, TTF revenues will decrease by \$1.2 million in fiscal 2019 due to these additional tax credit claims.

MEA advises that during fiscal 2017 approximately 50 rebate applications were received after the agency had awarded the maximum authorized amount of rebates. The bill states that it is the intent of the General Assembly that any additional rebates paid to fiscal 2017 applicants are paid from SEIF. The fiscal 2019 operating budget includes \$1.2 million in SEIF funds for the rebate program. It is assumed that additional fiscal 2017 refunds are paid from fiscal 2019 funds and reduce the amount of available funds for fiscal 2019 applicants. Accordingly, expenditures are not affected.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Maryland Department of Transportation; Maryland Energy Administration; Department of Legislative Services

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