

By: **Delegates Cardin, Bartlett, Bronrott, Elmore, Frush, Gilleland, Healey, Heller, Hubbard, Kaiser, Leopold, Love, Mandel, Montgomery, Morhaim, Pendergrass, Trueschler, and Zirkin**

Introduced and read first time: January 28, 2005

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Tax Credit - Electric and Hybrid Vehicles**

3 FOR the purpose of establishing a period of eligibility for a credit against the motor
4 vehicle excise tax for certain qualified electric vehicles and certain hybrid
5 vehicles having an onboard rechargeable energy storage system; altering the
6 criteria for hybrid vehicles to qualify for the credit; altering the amount of the
7 credit and the maximum credit allowed; requiring the Motor Vehicle
8 Administration to adopt certain regulations; clarifying a certain definition; and
9 generally relating to a credit against the motor vehicle excise tax for qualified
10 electric and hybrid vehicles.

11 BY repealing and reenacting, with amendments,
12 Article - Transportation
13 Section 13-815 and 23-206.3
14 Annotated Code of Maryland
15 (2002 Replacement Volume and 2004 Supplement)

16 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
17 MARYLAND, That the Laws of Maryland read as follows:

18 **Article - Transportation**

19 13-815.

20 (a) (1) In this section the following words have the meanings indicated.

21 (2) "Automobile" means a 4-wheeled vehicle propelled by fuel that:

22 (i) Is manufactured primarily for use on public streets, roads, and
23 highways, other than for use exclusively on a rail or rails; and

24 (ii) Is rated at not more than 8,500 pounds unloaded gross vehicle
25 weight.

1 (3) "Excise tax" means the tax imposed under § 13-809 of this subtitle.

2 (4) ["Maximum available power" means the maximum value of the sum
3 of the heat engine and electric drive system power or other non-heat energy
4 conversion devices available for a driver's command for maximum acceleration at
5 vehicle speeds under 75 miles per hour] "FUEL ECONOMY" HAS THE MEANING
6 STATED IN § 4064 OF THE INTERNAL REVENUE CODE AS DETERMINED BY THE U.S.
7 ENVIRONMENTAL PROTECTION AGENCY.

8 (5) "Qualified electric vehicle" has the meaning stated in § 30 of the
9 Internal Revenue Code.

10 (6) "Qualified hybrid vehicle" means an automobile that:

11 (i) Meets all applicable regulatory requirements;

12 (ii) Meets the current vehicle exhaust standard set under the
13 National Low-Emission Vehicle Program for gasoline-powered passenger cars; [and]

14 (iii) Can draw propulsion energy from both of the following
15 on-board sources of stored energy:

16 1. Gasoline or diesel fuel; and

17 2. A rechargeable energy storage system; AND

18 (IV) HAS A FUEL ECONOMY RATING:

19 1. OF GREATER THAN 45 MILES PER GALLON, FOR AN
20 AUTOMOBILE WITH A MANUFACTURER'S SHIPPING WEIGHT OF 3,700 POUNDS OR
21 LESS; AND

22 2. OF GREATER THAN 30 MILES PER GALLON, FOR AN
23 AUTOMOBILE WITH A MANUFACTURER'S SHIPPING WEIGHT OF MORE THAN 3,700
24 POUNDS.

25 (b) (1) Except as provided in subsection (e) of this section, a credit is allowed
26 against the excise tax imposed for a qualified electric vehicle or a qualified hybrid
27 vehicle.

28 (2) Subject to the limitations under subsections (c) and (d) of this section,
29 the credit allowed under this section equals [100%] 50% of the excise tax imposed for
30 a vehicle.

31 (3) The credit allowed under this section [does not apply] APPLIES to a
32 vehicle titled [on or after July 1, 2004] AFTER JUNE 30, 2005, BUT BEFORE JULY 1,
33 2008.

34 (c) For a qualified electric vehicle, the credit allowed under this section may
35 not exceed [\$2,000] \$1,000.

1 (d) [(1) For a qualified hybrid vehicle that has a rechargeable energy storage
2 system that provides at least 5% of the vehicle's maximum available power, subject to
3 paragraph (2) of this subsection, the credit allowed under this section may not exceed:

4 (i) \$250 if the vehicle's rechargeable energy storage system
5 provides at least 5% but less than 10% of the maximum available power;

6 (ii) \$500 if the vehicle's rechargeable energy storage system
7 provides at least 10% but less than 20% of the maximum available power;

8 (iii) \$750 if the vehicle's rechargeable energy storage system that
9 provides at least 20% but less than 30% of the maximum available power; or

10 (iv) \$1,000 if the vehicle's rechargeable energy storage system that
11 provides at least 30% of the maximum available power.

12 (2) If a qualified hybrid vehicle actively employs a regenerative braking
13 system that supplies to the rechargeable energy storage system at least 20% of the
14 energy available from braking in a typical 60 miles per hour to 0 miles per hour
15 braking event, the maximum credit amount determined under paragraph (1) of this
16 subsection shall be increased by:

17 (i) \$125 if the vehicle's regenerative braking system supplies to the
18 rechargeable energy storage system at least 20% but less than 40% of the energy
19 available from braking in a typical 60 miles per hour to 0 miles per hour braking
20 event;

21 (ii) \$250 if the vehicle's regenerative braking system supplies to the
22 rechargeable energy storage system at least 40% but less than 60% of the energy
23 available from braking in a typical 60 miles per hour to 0 miles per hour braking
24 event; or

25 (iii) \$500 if the vehicle's regenerative braking system supplies to the
26 rechargeable energy storage system at least 60% of the energy available from braking
27 in a typical 60 miles per hour to 0 miles per hour braking event] FOR A QUALIFIED
28 HYBRID VEHICLE, THE CREDIT ALLOWED UNDER THIS SECTION MAY NOT EXCEED
29 \$500.

30 (e) A credit may not be claimed under this section:

31 (1) For a vehicle unless the vehicle is registered in the State; or

32 (2) For a qualified electric vehicle unless the owner has already met any
33 State or federal laws or regulations governing clean-fuel vehicle or electric vehicle
34 purchases applicable during the calendar year in which the vehicle is titled.

35 (f) [(1)] The Motor Vehicle Administration [and the Maryland Energy
36 Administration jointly] shall adopt regulations to administer the credit under this
37 section.

1 [(2) The regulations adopted under this section shall specify the testing
2 and calculation procedures to be used to determine whether a vehicle meets the
3 qualifications for a credit under this section.]

4 (g) On or after October 1 of each year, the Motor Vehicle Administration shall
5 certify to the Comptroller the total amount of credits allowed under this section
6 against the excise tax for the preceding fiscal year.

7 23-206.3.

8 (a) In this section, "qualified hybrid vehicle" [has the meaning stated in §
9 13-815(a)(6) of this article] MEANS AN AUTOMOBILE THAT:

10 (1) MEETS ALL APPLICABLE REGULATORY REQUIREMENTS;

11 (2) MEETS THE CURRENT VEHICLE EXHAUST STANDARD SET UNDER
12 THE NATIONAL LOW-EMISSION VEHICLE PROGRAM FOR GASOLINE-POWERED
13 PASSENGER CARS; AND

14 (3) CAN DRAW PROPULSION ENERGY FROM BOTH OF THE FOLLOWING
15 ON-BOARD SOURCES OF STORED ENERGY:

16 (I) GASOLINE OR DIESEL FUEL; AND

17 (II) A RECHARGEABLE ENERGY STORAGE SYSTEM.

18 (b) A qualified hybrid vehicle is exempt from the mandatory tests and
19 inspections required by this subtitle if the vehicle obtains a rating from the U.S.
20 Environmental Protection Agency of at least 50 miles per gallon during city fuel
21 economy tests.

22 (c) The Administration shall adopt regulations necessary to implement the
23 provisions of this section.

24 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
25 July 1, 2005.