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Introduced and read first time: January 23, 2006

Assigned to: Ways and Means

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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 2005 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 nonheat energy conversion  
4 devices available for a driver's command for maximum acceleration at vehicle speeds  
5 under 75 miles per hour] "FUEL ECONOMY" HAS THE MEANING STATED IN § 4064 OF  
6 THE INTERNAL REVENUE CODE AS DETERMINED BY THE U.S. ENVIRONMENTAL  
7 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 federal Tier 2 Program for gasoline-powered passenger cars under 40 C.F.R. Part 80  
14 et seq.; [and]

15 (iii) Can draw propulsion energy from both of the following onboard  
16 sources of stored energy:

17 1. Gasoline or diesel fuel; and

18 2. A rechargeable energy storage system; AND

19 (IV) HAS A FUEL ECONOMY RATING:

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

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

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

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

32 (3) The credit allowed under this section [does not apply] APPLIES to a  
33 vehicle titled [on or after July 1, 2004] AFTER JUNE 30, 2006, BUT BEFORE JULY 1,  
34 2009.

35 (c) For a qualified electric vehicle, the credit allowed under this section may  
36 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 Administration shall certify to the  
5 Comptroller the total amount of credits allowed under this section against the excise  
6 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 FEDERAL TIER 2 PROGRAM FOR GASOLINE-POWERED PASSENGER CARS UNDER  
13 40 C.F.R. PART 80 ET SEQ.; AND

14           (3)     CAN DRAW PROPULSION ENERGY FROM BOTH OF THE FOLLOWING  
15 ONBOARD 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, 2006.