

(PRE-FILED)

By: **Senators Mooney and Brochin**

Requested: July 20, 2004

Introduced and read first time: January 12, 2005

Assigned to: Budget and Taxation

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; and generally
6 relating to a credit against the motor vehicle excise tax for qualified electric and
7 hybrid vehicles.

8 BY repealing and reenacting, with amendments,
9 Article - Transportation
10 Section 13-815
11 Annotated Code of Maryland
12 (2002 Replacement Volume and 2004 Supplement)

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

15 **Article - Transportation**

16 13-815.

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

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

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

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

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

24 (4) "Maximum available power" means the maximum value of the sum of
25 the heat engine and electric drive system power or other non-heat energy conversion

1 devices available for a driver's command for maximum acceleration at vehicle speeds
2 under 75 miles per hour.

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

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

6 (i) Meets all applicable regulatory requirements;

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

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

11 1. Gasoline or diesel fuel; and

12 2. A rechargeable energy storage system.

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

16 (2) Subject to the limitations under subsections (c) and (d) of this section,
17 the credit allowed under this section equals 100% of the excise tax imposed for a
18 vehicle.

19 (3) The credit allowed under this section [does not apply] APPLIES to a
20 vehicle titled on or after July 1, [2004] 2005 BUT BEFORE JULY 1, 2009.

21 (c) For a qualified electric vehicle, the credit allowed under this section may
22 not exceed \$2,000.

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

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

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

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

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

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

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

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

14 (iii) \$500 if the vehicle's regenerative braking system supplies to the
15 rechargeable energy storage system at least 60% of the energy available from braking
16 in a typical 60 miles per hour to 0 miles per hour braking event.

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

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

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

22 (f) (1) The Motor Vehicle Administration and the Maryland Energy
23 Administration jointly shall adopt regulations to administer the credit under this
24 section.

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

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

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