



# Financial Incentives for Clean Vehicles

*Implementation Options for the  
State of New Mexico*



# Background





# Executive Order 2006-069

- *NMED shall work with other state agencies in analyzing financial incentives for clean vehicles...*



# The Clean Energy State

- Executive Order 2004-019 declared New Mexico the “Clean Energy State”



# GHG Emission Reduction Goals

- The following goals were set in Executive Order 2005-033
  - 2000 levels by 2012
  - 10% below 2000 levels by 2020
  - 75% below 2000 levels by 2050



# Current Incentive Programs in NM

- Biodiesel Income Tax Credit
- Hybrid Electric Vehicle (HEV) Tax Exemption Program
- Vehicles purchased for the City of Albuquerque are limited to alternative fuel vehicles (AFVs) per Mayor Chávez's EO 19



# Financial Incentives



# Vehicle Emission Certification Levels

	Vehicle Emission Certification Level	
	Acronym	Definition
<b>Lowest Emissions</b>	ZEV	Zero Emission Vehicle
	AT-PZEV	Advanced Technology Partial Zero Emission Vehicle
	PZEV	Partial Zero Emission Vehicle
	SULEV	Super Ultra Low Emission Vehicle
	ULEV	Ultra Low Emission Vehicle
<b>Highest Emissions</b>	LEV	Low Emission Vehicle



# 1. Tax Credit

- Tax credits could be offered for clean vehicles based on the following criteria:
  - Incremental Cost
  - Conversion Cost
  - Vehicle Emission Certification Level (ZEV, PZEV, etc.)
  - Fuel Efficiency
  - Lifetime Fuel Savings



# 1. Tax Credit Cont'd

- If HEVs would be eligible consider:
  - Only allowing light-duty HEVs
  - Only allowing higher fuel efficiency HEVs
- If AFVs would be eligible consider:
  - Only allowing dedicated AFVs



# Colorado Tax Credits based on Vehicle Emission Certification Level

Vehicle Emission Certification Level	Tax yrs beginning prior to 1/1/10 (% of cost covered)	Tax yrs 1/1/10 – 1/1/12 (% of cost covered)
LEV	50	25
ULEV or ILEV	75	50
SULEV or ZEV	85	75



## 2. Grants to Consumers

- Grants can be awarded based on the same criteria as a tax credit program
  - Incremental Cost
  - Conversion Cost
  - Vehicle Emission Certification Level (ZEV, PZEV, etc.)
  - Fuel Efficiency
  - Lifetime Fuel Savings



# Grants to Consumers Cont'd

- If HEVs would be eligible consider:
  - Only allowing light-duty HEVs
  - Only allowing higher fuel efficiency HEVs
- If AFVs would be eligible consider:
  - Only allowing dedicated AFVs



# Grants Available for Clean Vehicles Under Texas' SB 12 Legislation

Vehicle Type	Grant (\$)
Replacement HEV of current or previous model year	3,500
Replacement conventional car of current or previous three model years	3,000
Replacement conventional truck of current or previous two model years	3,000



# Grants Available under California's REMOVE II Program

Vehicle Emission Certification Level	Amount of Grant for each Vehicle Class (\$)	
	Light-Duty Vehicles (< 8,500 lbs)	Medium-Duty Vehicles (8,501 – 14,000 lbs)
ZEV	3,000	3,000
SULEV	2,000	3,000
PZEV, AT-PZEV	2,000	N/A
ULEV	1,000	2,000



## 3. Rebates

- New Mexico could implement a rebate program where state entities and/or tax exempt orgs are eligible
- Benefits
  - Encourage clean vehicles for the state fleet
  - Help meet goals set in EO 05-049
  - State would “lead by example”



# CO Rebates to State or Tax-Exempt Entities for Clean Vehicles

Date Cost was Incurred	Amount of Rebate for each Vehicle Emission Certification Level (% of incremental or conversion cost)		
	LEV	ULEV or ILEV	SULEV or ZEV
7/1/98 – 6/30/06	50	75	85
7/1/06 – 6/30/09	25	50	75
7/1/09 – 6/30/11	0	25	50





## 4. Excise Tax Exemption

- NM currently has a tax exemption program for the purchase of HEVs (runs through 6/30/09)
- NM car dealerships have seen the positive impact of tax exemption programs on HEV sales
- NM could extend and modify the program to include other clean vehicles based on EPA Tier 2 Bin level. This program could include a variable vehicle excise tax.

# Variable Excise Tax Program



	EPA Tier 2 Emission Level	Excise Tax Amount (%)	Example of a Model Year 2007 Vehicle in this Category
	Bin 1	0	Honda FCX (ZEV)
	Bin 2	0.5	Honda Civic Hybrid (AT-PZEV)
	Bin 3	1	Toyota Prius (AT-PZEV)
	Bin 4	2	Hyundai Elantra (PZEV)
	Bin 5	3	Toyota Corolla (LEV)
	Bin 6	3.5	--
	Bin 7	4.5	Toyota Highlander (LEV)
	Highest Emissions	Bin 8	5





## 5. Grants for Projects

- Grants could be provided for projects that encourage the use of clean vehicles according to the overall impact on GHG emission reductions.



# California Project Grants

- CARB (California Air Resources Board)
  - Disburse \$25M to projects that promote the use and production of alternative fuels as well as AFVs
- Carl Moyer Program
  - Grants for the incremental cost of purchasing “cleaner than required” heavy-duty diesel engines and equipment



## 6. Free Parking for Clean Vehicles

- Albuquerque offers free metered parking for HEVs
- NM could implement a free parking program in other cities such as:
  - Las Cruces
  - Santa Fe



# Benefits for New Mexico

- Help achieve GHG emission reduction goals set in EO 05-033
- Improved air quality
- Agricultural economic growth



# Benefits Continued

- Greater energy security
- Establish NM as a leader
- Demonstrate NM's commitment as the "Clean Energy State"



# Questions?

