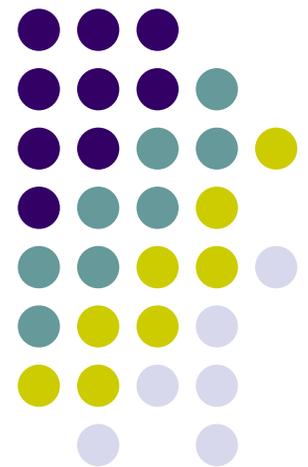


# Clean Energy Development Council

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August 24, 2007

Implementation Team Report and  
Recommendations



# Financial Incentives for Clean Cars



- EO 06-69: “NMED shall work with other state agencies in analyzing financial incentives for clean vehicles (and)....shall submit a report summarizing its findings including implementation strategies... by July1, 2007.”

# Financial Incentives/Disincentives (FID) Bundles for New Motor Vehicles

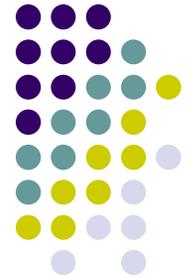


- Two Bundles: FID1 and FID2
- Eligibility
  - New vehicles only.
  - Hybrid Electric Vehicles must have a fuel economy greater than or equal to the most current Corporate Average Fuel Economy standard and be 8,500 lbs or less.
  - If the vehicle is an Alternative Fuel Vehicle, it must be “dedicated” and be 8,500 lbs or less.



# FID1 Bundle

- Variable Vehicle Excise Tax
  - Uses EPA's Tier 2 Bin Level as its metric.
  - 0% to 5% excise tax rate.
- State Income Tax Credit
  - Covers a percentage of the incremental cost of purchasing qualifying vehicles.
  - 0% to 80% of incremental cost covered.



# FID1 Bundle Structure

<b>EPA Tier 2 Bin Level</b>	<b>Excise Tax Amt under the VVET Program (%)</b>	<b>HEV/AFV Income Tax Credit (% of incremental cost)</b>	<b>MY 2007 Example Vehicle (Vehicle Emission Certification Level)</b>	<b>Total Savings (Additional Cost)</b>
<b>1</b>	0.0	80	Honda FCX (ZEV)	<b>Not available</b>
<b>2</b>	0.5	75	Honda Civic Hybrid (AT-PZEV)	<b>\$3,321</b>
<b>3</b>	1.0	50	Toyota Prius (AT-PZEV)	<b>\$2,216</b>
<b>4</b>	2.0	25	Hyundai Elantra (PZEV)	<b>\$134</b>
<b>5</b>	3.0	0	Toyota Corolla (LEV)	<b>\$0</b>
<b>6</b>	3.5	0	--	<b>--</b>
<b>7</b>	4.5	0	Toyota Highlander (LEV)	<b>\$(410)</b>
<b>8</b>	5.0	0	Chevy Silverado Classic Hybrid (LEV)	<b>\$(537)</b>



# FID2 Bundle

- Variable Vehicle Excise Tax
  - Uses EPA's Greenhouse Gas Score as its metric.
  - 1% to 5% excise tax rate.
- State Income Tax Credit
  - Covers a percentage of the incremental cost of purchasing qualifying vehicles.
  - 0% to 50% of incremental cost covered.

# FID2 Bundle Structure



<b>Greenhouse Gas Score</b>	<b>Grams of CO<sub>2</sub>-Equivalent per mile</b>	<b>Excise Tax Amt under the VVET Program (%)</b>	<b>HEV/AFV Income Tax Credit (% of incremental cost)</b>	<b>MY 2007 Example Vehicle (Vehicle Emission Certification Level)</b>	<b>Total Savings (Additional Cost)</b>
<b>10</b>	<296	1.0	50	Honda Civic Hybrid (AT-PZEV)	<b>\$2,290</b>
<b>9</b>	296-357	2.0	25	Toyota Corolla Manual (LEV)	<b>\$144</b>
<b>8</b>	358-419	3.0	0	Hyundai Elantra (PZEV)	<b>\$0</b>
<b>7</b>	420-481	3.0	0	Hyundai Sonata (ULEV)	<b>\$0</b>
<b>6 &amp; 5</b>	482-606	3.0	0	Toyota Highlander 4WD 4 Cylinder (LEV)	<b>\$0</b>
<b>4</b>	607-668	4.0	0	Chevy Silverado Classic Hybrid (LEV)	<b>\$(269)</b>
<b>3 &amp; 2</b>	669-793	4.5	0	Ford F150 2WD 8 Cylinder (LEV)	<b>\$(349)</b>
<b>1 &amp; 0</b>	≥794	5.0	0	Jeep Grand Cherokee 4WD 8 Cylinder (LEV)	<b>\$(819)</b>



# Team Recommendations

- Choose between FID1 and FID2 Bundles
- Amend tax code to:
  - Change hybrid vehicle excise tax exemption into Variable Vehicle Excise Tax
  - Establish State Income Tax Credit