

NOTES TO ACCOMPANY H. 355 BILL PRESENTATION  
REPRESENTATIVE MOLLIE S. BURKE  
2/23/17

**PURPOSE** of bill: To promote the use of electric assist bicycles and cargo-type bicycles used for working and commuting purposes through a sales tax abatement incentive.

**PROPOSED:** Sales tax abatement. To exempt motor-assisted bicycles from the sales and use tax.

-Similar to the procedure that is currently in place for renewable energy equipment

**DESCRIPTION OF MOTOR-ASSISTED BICYCLE**

This incentive covers bikes that are a practical replacement for a car, which includes:-

1. a commuter or cargo bike with an electric motor for extended range and/or cargo capacity
2. electric motor conversion kits for bicycles (both a DIY route for owners or installation by a bike shop)

As defined in 23 V.S.A. § 4(45)(B). "Motor-assisted bicycle" means any bicycle or tricycle with fully operable pedals and equipped with a motor that:

(I) has a power output of not more than 1,000 watts or 1.3 horsepower; and

(II) in itself is capable of producing a top speed of no more than 20 miles per hour on a paved level surface when ridden by an operator who weighs 170 pounds.

For examples of cargobikes:

<http://www.vbikesolutions.org/cargobikes-101.html>

For a look at various people and their bikes:

<http://www.vbikesolutions.org/vbikers-showcase.html>

**WHY SALES TAX?**

The price of motor-assisted bicycles can range from \$500 to \$5000, or above with accessories.

An incentive based on a fixed amount such as used in many Electric Vehicle incentive programs would not work well, but using a sales tax abatement

would automatically link the incentive amount to the price. This amount would also be approximately in line with many EV incentive programs.

#### REASONS TO INCENTIVIZE BICYCLES FOR TRANSPORTATION

1. Help to meet state GHG emission goals, Vermont Comprehensive Energy Plan goals for Transportation emissions. 47% of Vermont emissions come from transportation.
2. To address road congestion and road wear, and diminish the need for increasing downtown parking. Bicycles take up 1/10<sup>th</sup> of the road space.
3. Diminish costs for vehicle infrastructure, i.e. paving and road reconstruction.
4. Improve public health
5. Attract youth and young families to bike friendly Vermont towns. Better bike infrastructure will follow increased number of bikes. Study by Transportation Board in 2014 found that millennials are not interested in owning vehicles.
6. Helps with first mile, last mile issues. i.e. people who don't commute directly to work, but want to reach a transit stop or park and ride.
7. Bicycle impact on overall village center and designated downtown climate
8. Equity of transportation options. California is considering expanding their rebate program for electric vehicles to include bicycle purchase program to rebate half (up to \$500) of bicycles purchased for everyday transportation. Helps low-income people, and families for whom an electric-assist bicycle can serve as a second vehicle. (Estimated annual cost of car ownership according to AAA is \$8000).

#### FISCAL IMPACT

There are about 85 motor-assisted bicycles in Windham County.

Prices for conversion kits range from \$500 to \$1600

Prices for a variety of other e bikes and cargo bikes range from \$1250-\$5000.

No state-wide statistics at this point, nor a fiscal note.

However there are 85 e bikes in Windham County @ average price of \$2000 represents \$10,200 in lost tax revenue from Windham County.

Could limit this program to a year or two.

An earlier proposal also included non-electric bicycles used for transportation and work. However this was left out of the current bill due to the difficulty of determining how to define a commuter/work bicycle.

Adding the following non-motorized bicycle types to the tax abatement

could be considered:

1. a regular frame commuter style bike
2. a cargo bike with an extended capacity frame for carrying larger loads

Prior History of this proposal:

Drafts of this proposal have been reviewed by Ross McDonald and Deb Sachs of the State GoVermont program, Dave Roberts of Drive Electric Vermont, The Vermont Chapter of the Sierra Club, Jason VanDriesche of Local Motion, and Dave Cohen of Vbike.

In addition, Joe Segale of VTrans Policy and Planning has taken a look at this proposal and suggested the agency would most likely take a neutral stance on this as it would not affect (to any real extent) the revenues, costs, or infrastructure of the agency, and if further investigation is needed they would look forward to studying it in a legislative study. In summary, everyone was supportive and found many significant benefits to the state from encouraging use of work and commuter bicycles.