

1 H.400

2 Introduced by Representatives McCarthy of St. Albans City, Burke of  
3 Brattleboro, Chesnut-Tangerman of Middletown Springs,  
4 Copeland-Hanzas of Bradford, James of Manchester, Sullivan  
5 of Burlington, White of Hartford, and Yantachka of Charlotte

6 Referred to Committee on

7 Date:

8 Subject: Transportation; electric vehicles; incentive

9 Statement of purpose of bill as introduced: This bill proposes to create a point-  
10 of-sale electric vehicle incentive and to fund that incentive through the use of  
11 revenue derived from the increase in electric vehicle charging.

12 An act relating to a point-of-sale electric vehicle incentive and incremental  
13 revenue

14 It is hereby enacted by the General Assembly of the State of Vermont:

15 Sec. 1. ELECTRIC VEHICLE PURCHASE AND LEASE INCENTIVE  
16 PROGRAM

17 (a) Legislative findings. The General Assembly finds that:

18 (1) In its final report, the Vermont Climate Action Commission  
19 recommended building an electric vehicle (EV) point-of-sale customer  
20 incentive for new and used EVs.

1           (2) Transportation energy burdens are particularly high for rural  
2           Vermonters with low income. A vigorous incentive for both new and used  
3           EVs, combined with the lower fueling and maintenance costs of EVs, could  
4           significantly lessen transportation cost burdens for Vermonters.

5           (3) State policy, including Vermont's Comprehensive Energy Plan  
6           (CEP), recognizes vehicle electrification as an essential strategy for meeting  
7           the State's climate and energy goals. The CEP calls for 50,000 EVs, or  
8           10 percent of the fleet in Vermont by 2025, advancing to EVs composing  
9           25 percent for the fleet by 2030. Vermont has approximately 2,600 EVs on the  
10          road today, and EVs in Vermont are just 3.5 percent of new passenger vehicle  
11          registrations. Projections show Vermont is not yet on track to meet its  
12          transportation-electrification targets.

13          (4) Meeting Vermont's transportation-electrification targets will help  
14          make Vermont attractive to employers, workers, and tourists and help grow  
15          Vermont's economy by keeping transportation energy expenditures in State.

16          (5) In 2015, approximately \$830 million was spent on gasoline sales in  
17          Vermont. If this travel had all been powered by electricity, the cost would  
18          have been significantly less, saving drivers more than \$500 million.

19          (6) Vehicle electrification faces several barriers, including EV model  
20          availability, publicly available charging stations, and lack of public awareness  
21          about the benefits of EVs. While State government is working hard to address

1 these issues, surveys consistently confirm that the up-front cost of EVs is  
2 among the top barriers and that consumer incentives are effective in increasing  
3 EV sales.

4 (7) A robust consumer purchase and lease incentive would accelerate  
5 EV sales and help bring EV technology up to scale. Moreover, a consumer  
6 purchase and lease incentive would help consumers overcome the fear of  
7 change that can come with entering the EV market and the fear of  
8 obsolescence that can accompany the rapid growth of EV technology.

9 (8) The increased use of electricity caused by the electrification of the  
10 transportation sector in Vermont may lead to significant revenue for the  
11 electric utilities. This revenue should be used to defray the cost of EVs.

12 (b) Electric vehicle (EV) purchase and lease incentive program.

13 (1) The Public Service Department (PSD), with the cooperation and  
14 support of the Agency of Natural Resources (ANR) and the Agency of  
15 Transportation (VTrans), shall establish and administer a new and used electric  
16 vehicle purchase and lease incentive program (program) for Vermont residents.

17 (2) The program shall structure EV purchase and lease incentive  
18 payments by income to help all Vermonters benefit from electric driving,  
19 including Vermont's most vulnerable. Specifically, the program shall:

20 (A) To better match the incentive to consumer behavior, apply to  
21 both purchases and leases and to both new and used EVs.

1           (B) Provide incentives of \$5,000.00 to households with income levels  
2           between 100 percent and 140 percent of the State's most recent Median  
3           Household Income (MHI) level for battery electric vehicles and \$2,500.00 for  
4           plug-in hybrid vehicles. Additional incentives of up to twice that amount shall  
5           be available to households below Vermont's MHI.

6           (C) Apply to vehicles with a Base Manufacturer's Suggested Retail  
7           Price (MSRP) of \$45,000.00 or less.

8           (D) Run from the date the PSD makes the first incentive payment  
9           available until 15 percent of the vehicle fleet is composed of electric vehicles.

10          (E) Be funded on a first-come, first-served basis in each year of the  
11          program.

12          (3) To the extent public electric distribution utilities are willing to  
13          participate, each sale or lease incentive would come with a Level 2 home  
14          charger to be funded under Tier 3 of Vermont's Renewable Energy Standard.  
15          The home charger shall be subject to utility rate design to help the utilities  
16          manage grid load and provide optimal charging rates to the consumer.  
17          Participating utilities shall help market the program.

18          (4) Subject to State procurement requirements, the PSD may retain a  
19          consultant to assist with marketing, program development, and administration.  
20          Up to \$75,000.00 of program funding may be set aside for this purpose.

1           (5) The PSD shall evaluate the program annually to gauge its  
2           effectiveness.

3           (c) Incentive funding. In the first year of the incentive program established  
4           in subsection (b), \$4.5 million in general funds shall be appropriated to fund  
5           the incentive. In each subsequent year, the incentive shall be funded by a fee  
6           on electric utilities, as provided in this subsection. The fee shall consist of a  
7           percentage of the incremental revenue earned from the new load gained from  
8           the increase in electric vehicles. The PSD shall establish a formula by which  
9           to calculate this revenue. The fee shall not exceed the 10-year net present  
10          value of the incremental revenue.

11          Sec. 2. EFFECTIVE DATE

12          This act shall take effect on July 1, 2019.