

1 **[Substantive changes from H.400, H.471 and T. Bill v. 4.1**

2 **highlighted in yellow]**

3 \* \* \* Electric Vehicle Definitions \* \* \*

4 Sec. 20. 23 V.S.A. § 4(85)–(86) is added to read:

5 (85) “Electric vehicle” means a pleasure car that is powered by an  
6 electric motor drawing current from rechargeable storage batteries or other  
7 portable electrical energy storage devices where the recharge energy must be  
8 drawn from a source off the vehicle, such as residential electric service.

9 (86) “Plug-in hybrid electric vehicle” means an electric vehicle that also  
10 includes an on-board method of charging, such as an on-board engine and  
11 generator.

12 \* \* \* Electric Vehicle Purchase and Lease Incentive Program \* \* \*

13 Sec. 20a. LEGISLATIVE FINDINGS

14 The General Assembly finds that:

15 (a) In its final report, the Vermont Climate Action Commission  
16 recommended building an electric vehicle (EV) point-of-sale customer  
17 incentive for new and used EVs.

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

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

9       (d) Meeting Vermont’s transportation-electrification targets will help make  
10       Vermont attractive to employers, workers, and tourists and help grow  
11       Vermont’s economy by keeping transportation energy expenditures in State.

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

15       (f) Vehicle electrification faces several barriers, including EV model  
16       availability, publicly available charging stations, and lack of public awareness  
17       about the benefits of EVs. While State government is working hard to address  
18       these issues, surveys consistently confirm that the up-front cost of EVs is  
19       among the top barriers and that consumer incentives are effective in increasing  
20       EV sales.

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

6        Sec. 20b. ELECTRIC VEHICLE PURCHASE ANF LEASE INCENTIVE  
7        PROGRAM

8        (a) As used in this section: “electric vehicle” and “plug-in hybrid electric  
9        vehicle” have the same meanings as in 23 V.S.A. § 4 and are collectively  
10       referred to as “EVs.”

11       (b) The Public Service Department (PSD), with the cooperation and  
12       support of the Agency of Natural Resources (ANR) and the Agency of  
13       Transportation (VTrans), shall establish and administer a new and used EV  
14       purchase and lease incentive program (program) for Vermont residents to be  
15       known as the Electric Vehicle Incentive Program.

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

19                (1) better match the incentive to consumer behavior and shall apply to  
20       both purchases and leases and to both new and used EVs;

1           (2) provide incentives of \$2,500.00 to households with income levels  
2           between 100 percent and 140 percent of the State’s most recent Median  
3           Household Income (MHI) level and additional incentives of up to twice that  
4           amount shall be available to households below Vermont’s MHI;

5           (3) apply to vehicles with a Base Manufacturer’s Suggested Retail Price  
6           (MSRP) of \$40,000.00 or less;

7           (4) run until available funds are fully obligated, with available  
8           incentives spread evenly across each year to the extent reasonably practicable;  
9           and

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

12           (d) 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           (e) 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.

21           (f) The PSD shall evaluate the program annually to gauge its effectiveness.

1       \* \* \* Legislative Support and Study on Electric Vehicle Charging Fees \* \* \*

2       Sec. 20c. LEGISLATIVE SUPPORT

3       The General Assembly supports the establishment of a mechanism to ensure  
4       that electric and plug-in hybrid electric vehicle owners pay into the  
5       Transportation Fund. Consistent with the joint filing of the Agency of  
6       Transportation, Agency of Natural Resources, and Department of Public  
7       Service with the Public Utility Commission on January 9, 2019, a funding  
8       mechanism should:

9           (a) be charged to electric and plug-in hybrid electric vehicle owners as a  
10          per-kWh fee for electric vehicle charging; and

11          (b) be phased in over time as electric and plug-in hybrid electric vehicle  
12          adoption increases.

13       **Sec. 20d. STUDY OF EXTENSION OF ELECTRIC VEHICLE INCENTIVE**  
14       **PROGRAM AND ASSESSING PER-kWh FEES FOR ELECTRIC**  
15       **VEHICLE CHARGING**

16       The Department of Public Service, in consultation with the Agency of  
17       Transportation and the Joint Fiscal Office, shall complete a study and submit a  
18       written report to the House and Senate Committees on Transportation on or  
19       before November 1, 2019 concerning the steps necessary to implement a per-  
20       kWh electric utility transportation fee or fees based electric and plug-in hybrid  
21       electric vehicle charging, as well as the feasibility of using the incremental

1 revenue from increased electric and plug-in hybrid electric vehicle charging to  
2 facilitate the extension of the Electric Vehicle Incentive Program established in  
3 Sec. 20b of this act in order to achieve the levels of electric vehicle adoption in  
4 Vermont’s Comprehensive Energy Plan (CEP). This study and report shall  
5 consider the following factors:

6 (a) the cost and feasibility of utility equipment needed to separately meter  
7 electric and plug-in hybrid electric vehicle charging;

8 (b) the amount of incremental revenue to the electric utilities generated by  
9 additional electric and plug-in hybrid electric vehicles;

10 (c) the feasibility of using revenue bonds to support the Electric Vehicle  
11 Incentive program;

12 (d) the level of investment and incentives needed to reach the number of  
13 electric and plug-in hybrid electric vehicles in the CEP; and

14 (e) such other factors as the Department of Public Service and Agency of  
15 Transportation may identify.

16 \* \* \* Electric Vehicle Purchase and Use Tax Exemption \* \* \*

17 Sec. 20e. 32 V.S.A. § 8903 is amended to read:

18 § 8903. TAX IMPOSED

19 (a)(1) There is hereby imposed upon the purchase in Vermont of a motor  
20 vehicle by a resident a tax at the time of such purchase, ~~payable as hereinafter~~  
21 ~~provided.~~ Except as otherwise provided in this subsection or excepted in

1 section 8911 of this title, the amount of the tax shall be six percent of the  
2 taxable cost of a:

3 (A) pleasure car as defined in 23 V.S.A. § 4, and excluding electric  
4 vehicles and plug-in hybrid electric vehicles as defined in 23 V.S.A. § 4;

5 (B) motorcycle as defined in 23 V.S.A. § 4;

6 (C) motor home as defined in subdivision 8902(11) of this title; or

7 (D) vehicle weighing up to 10,099 pounds, registered pursuant to  
8 23 V.S.A. § 367, other than a farm truck.

9 (2) For an electric vehicle or plug-in hybrid electric vehicle as defined in  
10 23 V.S.A. § 4, the amount of the tax shall be six percent of the amount that the  
11 taxable cost exceeds \$30,000.00.

12 (3) For any other motor vehicle, it shall be six percent of the taxable cost  
13 of the motor vehicle or \$2,075.00 for each motor vehicle, whichever is smaller,  
14 except that pleasure cars that are purchased, leased, or otherwise acquired for  
15 use in short-term rentals shall be subject to taxation under subsection (d) of this  
16 section.

17 (b)(1) ~~There~~ Except as otherwise provided in this subsection or excepted in  
18 section 8911 of this title, there is hereby imposed upon the use within this State  
19 a tax of six percent of the taxable cost of a:

20 (A) pleasure car as defined in 23 V.S.A. § 4, and excluding electric  
21 vehicles and plug-in hybrid electric vehicles as defined in 23 V.S.A. § 4;

1 (B) motorcycle as defined in 23 V.S.A. § 4;

2 (C) motor home as defined in subdivision 8902(11) of this title; or

3 (D) vehicle weighing up to 10,099 pounds, registered pursuant to  
4 23 V.S.A. § 367, other than a farm truck.

5 (2) For an electric vehicle or plug-in hybrid electric vehicle as defined in  
6 23 V.S.A. § 4, the amount of the tax shall be six percent of the amount that the  
7 taxable cost exceeds \$30,000.00.

8 (3) For any other motor vehicle, it shall be six percent of the taxable cost  
9 of the motor vehicle or \$2,075.00 for each motor vehicle, whichever is smaller,  
10 by a person at the time of first registering or transferring a registration to such  
11 motor vehicle payable as hereinafter provided, except no use tax shall be  
12 payable hereunder if the tax imposed by subsection (a) of this section has been  
13 paid, or the vehicle is a pleasure car that was purchased, leased, or otherwise  
14 acquired for use in short-term rentals, in which case the vehicle shall be subject  
15 to taxation under subsection (d) of this section.

16 \* \* \*

17 Sec. 20f. 32 V.S.A. § 8911 is amended to read:

18 § 8911. EXCEPTIONS

19 The tax imposed by this chapter shall not apply to:

20 \* \* \*



1 (6) ~~{Repealed.}~~ The first \$30,000 of the taxable cost of an electric  
2 vehicle or plug-in hybrid electric vehicle as defined in 23 V.S.A. § 4.

3 \* \* \*

4 Sec. 20g. 32 V.S.A. § 8900 is amended to read:

5 § 8900. STATUTORY PURPOSES

6 \* \* \*

7 (g) The statutory purpose of the exemption of the first \$30,000.00 of the  
8 taxable cost of an electric vehicle or plug-in hybrid electric vehicle in  
9 subdivision 8911(6) of this title is to encourage the purchase and use of electric  
10 and plug-in hybrid electric vehicles.

11 Sec. 20h. EXEMPTION TRACKING AND POSTING

12 The Departments of Tax and of Motor Vehicles shall establish a way to  
13 track the number of electric and plug-in hybrid electric vehicles sales and use  
14 tax exemptions that have been granted in this State during calendar year 2020.  
15 Starting on January 1, 2020, the Department of Motor Vehicles shall post that  
16 number on the Department of Motor Vehicles’ website at least every two  
17 weeks.

18 \* \* \* Repeal of Electric Vehicle Purchase and Use Tax Exemption \* \* \*

19 Sec. 20i. 32 V.S.A. § 8903 is amended to read:

20 § 8903. TAX IMPOSED

1 (a)(1) There is imposed upon the purchase in Vermont of a motor vehicle  
2 by a resident a tax at the time of such purchase. Except as otherwise provided  
3 in this subsection or excepted in section 8911 of this title, the amount of the tax  
4 shall be six percent of the taxable cost of a:

5 (A) pleasure car as defined in 23 V.S.A. § 4, ~~and excluding electric~~  
6 ~~vehicles and plug-in hybrid electric vehicles as defined in 23 V.S.A. § 4;~~

7 (B) motorcycle as defined in 23 V.S.A. § 4;

8 (C) motor home as defined in subdivision 8902(11) of this title; or

9 (D) vehicle weighing up to 10,099 pounds, registered pursuant to  
10 23 V.S.A. § 367, other than a farm truck.

11 (2) ~~For an electric vehicle or plug-in hybrid electric vehicle as defined in~~  
12 ~~23 V.S.A. § 4, the amount of the tax shall be six percent of the amount that the~~  
13 ~~taxable cost exceeds \$30,000.00. [Repealed.]~~

14 (3) For any other motor vehicle, it shall be six percent of the taxable cost  
15 of the motor vehicle or \$2,075.00 for each motor vehicle, whichever is smaller,  
16 except that pleasure cars that are purchased, leased, or otherwise acquired for  
17 use in short-term rentals shall be subject to taxation under subsection (d) of this  
18 section.

19 (b)(1) Except as otherwise provided in this subsection or excepted in  
20 section 8911 of this title, there is imposed upon the use within this State a tax  
21 of six percent of the taxable cost of a:

1 (A) pleasure car as defined in 23 V.S.A. § 4, ~~and excluding electric~~  
2 ~~vehicles and plug-in hybrid electric vehicles as defined in 23 V.S.A. § 4;~~

3 (B) motorcycle as defined in 23 V.S.A. § 4;

4 (C) motor home as defined in subdivision 8902(11) of this title; or

5 (D) vehicle weighing up to 10,099 pounds, registered pursuant to  
6 23 V.S.A. § 367, other than a farm truck.

7 (2) ~~For an electric vehicle or plug-in hybrid electric vehicle as defined in~~  
8 ~~23 V.S.A. § 4, the amount of the tax shall be six percent of the amount that the~~  
9 ~~taxable cost exceeds \$30,000.00. [Repealed.]~~

10 (3) For any other motor vehicle, it shall be six percent of the taxable cost  
11 of the motor vehicle or \$2,075.00 for each motor vehicle, whichever is smaller,  
12 by a person at the time of first registering or transferring a registration to such  
13 motor vehicle payable as hereinafter provided, except no use tax shall be  
14 payable hereunder if the tax imposed by subsection (a) of this section has been  
15 paid, or the vehicle is a pleasure car that was purchased, leased, or otherwise  
16 acquired for use in short-term rentals, in which case the vehicle shall be subject  
17 to taxation under subsection (d) of this section.

18 \* \* \*

19 Sec. 20j. 32 V.S.A. § 8911 is amended to read:

20 § 8911. EXCEPTIONS

21 The tax imposed by this chapter shall not apply to:

1 \* \* \*

2 (6) ~~The first \$30,000 of the taxable cost of an electric vehicle or plug-in~~  
3 ~~hybrid electric vehicle as defined in 23 V.S.A. § 4. [Repealed.]~~

4 \* \* \*

5 Sec. 20k. 32 V.S.A. § 8900 is amended to read:

6 § 8900. STATUTORY PURPOSES

7 \* \* \*

8 (g) ~~The statutory purpose of the exemption of the first \$30,000.00 of the~~  
9 ~~taxable cost of an electric vehicle or plug-in hybrid electric vehicle in~~  
10 ~~subdivision 8911(6) of this title is to encourage the purchase and use of electric~~  
11 ~~and plug-in hybrid electric vehicles. [Repealed.]~~

12 Sec. 20l. REPEAL OF EXEMPTION TRACKING AND POSTING

13 Sec. 20h (exemption tracking and posting) of this act is repealed.

14 \* \* \* Transfer \* \* \*

15 Sec. 20m. TRANSFER TO THE TRANSPORTATION **AND EDUCATION**

16 FUNDS

17 (a) Up to \$1,800,900.00 in general funds shall be transferred to the  
18 Transportation Fund and up to \$899,100.00 in general funds shall be  
19 transferred to the Education Fund on a quarterly basis to offset the loss in  
20 motor vehicle sales and use tax revenue pursuant to 32 V.S.A. § 8911(6) as  
21 amended by Sec. 20f of this act.

1       **(b) The quarterly transfers shall be based on the exemption tracking and**  
2       **porting by the Departments of Tax and of Motor Vehicles pursuant to Sec. 20h**  
3       **of this act.**

4   **\* \* \* Effective Dates \* \* \***

5       **Sec. 26. EFFECTIVE DATES**

6       **(a) This section and Secs. 3 (voluntary cancellation of municipal projects),**  
7       **4 (project cancellations), 11 (formula for public transit funding), 15 (public-**  
8       **private partnership (P3) definition), 16 (highway work; minimum wages),**  
9       **20 (electric vehicle definitions), 20a (legislative findings), 20b (incentive**  
10       **program), 20c (legislative support), 20d (study on incentive programs and**  
11       **fees), 20h (exemption tracking and posting), and 20m (transfer), and 23**  
12       **(transportation fund) shall take effect on passage.**

13       **(b) Secs. 20e (sales and use tax), 20f (exemption), and 20g (statutory**  
14       **purpose) shall take effect on January 1, 2020.**

15       **(c) Sec. 22 (fees for electric vehicle charging stations) shall take effect on**  
16       **July 1, 2022.**

17       **(d) Secs. 20i (repeal of sales and use tax exemption), 20j (repeal of sales**  
18       **and use tax exemption), 20k (repeal of statutory purpose), and 20l (repeal of**  
19       **exemption tracking and posting) shall take effect on the earlier of:**

20               **(1) January 1, 2021; or**

- 1           (2) upon determination by the Commissioner of Motor Vehicles that at
- 2           least 1,500 electric or plug-in hybrid electric vehicle sales and use tax
- 3           exemptions have been granted in this State and this information has been
- 4           posted on the Department of Motor Vehicles website.
- 5           (e) All other sections shall take effect on July 1, 2019.