



May 3 - 6, 2009

**Solid Waste &
Recycling Conference
*with Trade Show***

*Alternative Fueled Vehicles
Incentives and Funding – What is Available?*

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NGVAMERICA
Natural Gas Vehicles for America



OVERVIEW

- Federal Tax Incentives
 - Vehicle Tax Credits
 - Fueling Station (Infrastructure) Tax Credit
 - Alternative Fuel Tax Credit
- New York State Incentives
 - Alternate Fuel Vehicle Refueling Property
 - Alternate Fuel Sales Tax Exemptions and Reductions
- Federal Funding Opportunities

ENERGY BILL PROVISIONS

Vehicle Tax Incentives

- The Energy Policy Act of 2005 provides a tax credit to the BUYER of a new:
 - Alternative Fueled Vehicle
 - Hybrid Vehicle
 - Lean Burn Technology Vehicle
 - Fuel Cell Vehicle

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ENERGY BILL PROVISIONS

Tax Credit Values

<u>EPAct 2005 Qualifying Vehicles</u>	<u>Minimum</u>	<u>Maximum</u>
Fuel Cell Vehicles	\$8,000	\$40,000
Alternative Fuel Vehicles	\$2,500	\$32,000
Lean Burn Engine Vehicles	\$400	\$3,400
Hybrid Electric Vehicles (LDV)	\$400	\$3,400
Heavy Duty Hybrid	\$1,500	\$12,000

ENERGY BILL PROVISIONS

Expiration Dates

<u>EPAct 2005 Qualifying Vehicles</u>	<u>Expiration Date</u>
Heavy Duty Hybrid	12/31/2009
Alternative Fuel Vehicles	12/31/2010
Lean Burn Engine Vehicles*	12/31/2010
Hybrid Electric Vehicles (LDVs)*	12/31/2010
Fuel Cell Vehicles	12/31/2014

*Subject to earlier phase-out if sales exceed certain threshold.

ENERGY BILL PROVISIONS

Hybrid Vehicle Tax Incentives

- A Tax Credit to the Buyer of a New Heavy Duty Hybrid Vehicle
 - 26,001 GVWR & Heavier – maximum of \$12,000
 - Amount of credit is based on fuel economy and life time fuel savings
 - Eligible hybrids must achieve at least 4% maximum available power from its rechargeable energy storage system.
 - Effective date is January 1, 2006 to December 31, 2009.

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ENERGY BILL PROVISIONS

Alternative Fuel Vehicle Tax Incentives

- A Tax Credit to the Buyer of a New, Dedicated Heavy Duty Alternative Fuel Vehicle:
 - 50 percent of the incremental cost of the vehicle,
 - plus an additional 30 percent if the vehicle meets certain tighter emission standards.
 - Most CNG engines meet full 80% requirement (\$32,000)
 - Conversions and repowers also qualify
 - Effective date is January 1, 2006 to December 31, 2010
 - IRS Guidance issued in June 2006; Notice 2006-54

ENERGY BILL PROVISIONS

Fuel Cell Vehicle Tax Incentives

- A Tax Credit to the Buyer of a Fuel Cell Vehicle:
 - Base credit that depends on weight class of the vehicle
 - LDV must meet Tier II Bin 5 emissions levels.
 - Additional credit based on fuel efficiency improvements of MY 2002 baselines
 - Credits can range from: \$8,000 to \$44,000 (TBD by IRS)
 - Effective date is January 1, 2006 to December 31, 2014

ARRA, PL 111-5

Qualified Plug-In Electric Drive Motor Vehicle Tax Credit

- A tax credit is available for 14,000 GVW or less vehicles
 - Credit value – min. \$2,500 – max. \$7,500
 - Credits depends on traction battery capacity and GWWR
- Phase-out begins after 200,000 qualified plug-in EVs sold by that manufacturer for use in the U.S.
- Tax credit applies to vehicles acquired after 12/31/09 and expires 12/ 31/14
- Through 12/31/11 plug-in electric vehicle conversions eligible for a tax credit for 10% of the conversion cost, not to exceed \$4,000.

ENERGY BILL & ARRA

PROVISIONS - Vehicle Tax Incentives

- The tax credits for vehicles generally go to the buyer:
 - If the buyer is a non-tax paying entity and the seller discloses the value of the credit, the credit goes to the seller .

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ENERGY BILL & ARRA PROVISIONS - Vehicle Tax Incentives

- A Tax Credit to the Buyer of a Hybrid, Dedicated Alternative Fuel, or Fuel Cell Vehicle:
 - Use IRS Form 8910 and instructions for “Alternative Motor Vehicle Credit” to claim the income tax credit
 - Use IRS Form 8834 and instructions for “Qualified Electric Vehicle Credit”

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ENERGY BILL PROVISIONS

Infrastructure Tax Incentives

- A Tax Credit Equal to 50%* of the Cost of Refueling Equipment
 - Fuels that qualify:
 - CNG, LNG, LPG, Hydrogen, E85, or any biodiesel mixture of 20% or more
 - Up to \$100,000* in the case of each large station
 - Up to \$2,000* for home refueling appliance
- * For equipment acquired after 1/1/2009

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ENERGY BILL PROVISIONS

Infrastructure Tax Incentives

- A Tax Credit Equal to 50% (as of 1/1/2009) of the Cost of Refueling Equipment:
 - Use IRS Form 8911 and Instructions for “Alternative Fuel Vehicle Refueling Property Credit,” to claim infrastructure tax credits
 - If the buyer is tax exempt, the seller or installer can take the credit

TRANSPORTATION BILL

Alternative Fuel Tax Incentives

- VETC: Volumetric Excise Tax Credit for Alternative Fuels
- The JOBS Act of 2004 created an excise tax credit for ethanol and biodiesel
- The Transportation Bill of 2005 added CNG, LNG, LPG, Hydrogen, and other alternative fuels to this provision

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TRANSPORTATION BILL

Alternative Fuel Tax Incentives

- The Transportation Bill increased the Federal excise tax rates imposed on alternative fuels.
 - Biodiesel \$0.244 per gallon
 - CNG \$0.183 per GGE
 - Ethanol \$0.183 per gallon
 - LPG \$0.183 per gallon
 - LNG \$0.243 per gallon
 - Liquefied Hydrogen \$0.184

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TRANSPORTATION BILL

Alternative Fuel Tax Incentives

- Tax increase is offset with a Federal refundable excise tax credit that is paid to the seller, blender, or user of the alternative fuel
- Credit goes to the person otherwise liable for excise tax on fuel;
- If the seller not liable for collecting tax, the user takes tax credit

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TRANSPORTATION BILL

Alternative Fuel Tax Incentives

- Federal Excise Tax Credit for Alternative Fuels:
 - Biodiesel \$1.00 per gallon
 - CNG \$0.50 per GGE
 - Ethanol \$0.46 per gallon
 - LPG \$0.50 per gallon
 - LNG \$0.50 per gallon
 - Hydrogen \$0.50 per gallon

TRANSPORTATION BILL

Alternative Fuel Tax Incentives

- Expiration dates for the Federal excise tax credits are:
 - Biodiesel: 12/31/2009
 - CNG: 12/31/2009
 - Ethanol: 12/31/2010
 - LPG: 12/31/2009
 - LNG: 12/31/2009
 - Hydrogen: 09/30/2014

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TRANSPORTATION BILL

Alternative Fuel Tax Incentives

- To take tax credit must register with IRS
 - Form 637, “Application for Registration”
- For sales involving taxable fuel must first use credit against excise tax liability
 - Form 720, “Quarterly Excise Tax Return”
- Excess credit can be claimed using Schedule C of Form 720, or by filing Form 8849 with Schedule 3, or by filing Form 4136 at the end of the year

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TRANSPORTATION BILL

Alternative Fuel Tax Incentives

- Tax exempt entities also must register with IRS to claim credit
- File Form 8849 with Schedule 3 to claim credit
- Credit can be claimed as often as you want (e.g., weekly, monthly, quarterly)
- Credit for tax exempt entity will be a rebate check from the IRS

TRANSPORTATION BILL

Alternative Fuel Tax Incentives

- IRS Guidance & Forms:
 - Tax Credit Guidance - <http://www.irs.gov/pub/irs-drop/n-06-92.pdf> (released Sept. 30, 2006)
 - Publication 510; “Excise Taxes for 2009,” Instruction booklet includes information on the excise tax and tax credits for fuels.
 - IRS Forms & Publication Site – <http://www.irs.gov/formspubs/index.html>

TRANSPORTATION BILL

Alternative Fuel Tax Incentives

- For information on the Biodiesel Federal Excise Tax Credits see:
 - IRS Notice 2005-4
 - IRS Notice 2005-62
 - NBB Website: <http://www.biodiesel.org>

NEW YORK STATE INCENTIVES

Alternative Fuel Vehicle Refueling Property

- Provides for a 50% tax credit for infrastructure:
 - Refueling property must be eligible for the federal tax credit
 - Must be a taxpayer with a NYS Income tax liability
 - CNG, LNG, LPG, Hydrogen, E85 and any Biodiesel mixture of 20% or more.
 - Expires 12/31/2010

NEW YORK STATE INCENTIVES

Alternative Fuel Sales Tax Exemptions & Reductions

- Provides for an exemption or reduction as follows:
 - Total of \$.44 per gallon equivalent exempt. Includes \$.08 motor fuels tax, \$.159 Petroleum Bus. Tax, \$.20 state & local sales tax for CNG, Hydrogen and E85.
 - A 20% exemption or approx. \$.09 per gallon reduction for bio diesel B20.

Current Funding Opportunities

- DOE – Clean Cities Fiscal Budget - \$6 million
 - Vehicles, infrastructure, education & outreach
 - Applications were due 3/31/09
 - Second solicitation 09/30/09
- American Recovery & Reinvestment Act (ARRA) - Stimulus
 - Department of Energy's Clean Cities Program
 - U.S. EPA Diesel Emission Reduction Programs
 - Department of Energy Block Grants for Energy Efficiency and Conservation

Clean Cities – Pilot Projects

- \$300 million – solicitation has been released
- \$5 million min/\$15 max award
- Expect to fund up to 30 geographically dispersed projects
- Deadline for proposals – May 29, 2009
- Funding requests must be submitted by state, local government, or a metropolitan transportation authority AND designated Clean Cities organization
- Matching funds – federal funding limited to 50% of overall project cost
- Alternative fuel vehicles and alternative fuel infrastructure qualify for funding

Clean Cities – Pilot Projects

- AFVs that qualify include on-road:
 - LD, MD, and HD vehicles
 - Dedicated & bi-fuel vehicles
- Non-road AFVs – include port or intermodal freight handling facility vehicles (M & HD only), airport GSE, and other off-road vehicles (marine & locomotives NOT eligible)
- Vehicles funding limited to INCREMENTAL COST:
 - LD - \$50,000 max per vehicle
 - MD & HD - \$200,000 max per vehicle
 - Non-road - \$50,000 max per vehicle
- Incremental cost – determined after accounting for all federal and state tax credits, rebates, and other incentives

Clean Cities – Pilot Projects

- DOE will pay 100% of cost of fueling infrastructure
- Qualifying alternative fueling infrastructure includes:
 - New dispensing facilities
 - Expansion, upgrades or improvements at existing facilities
 - Opening up closed/private facility to public
 - Facility upgrades include activities at garages, maintenance, and service centers
 - Priority consideration to be given to shared or open access stations
- Bulk fuel production facilities NOT eligible

Clean Cities – Pilot Projects

- Additional factors to be aware of:
 - Federal or state mandated activities do NOT qualify for funding
 - Acquisitions required by EPAct 1992 fleet programs
 - State mandated fleet acquisition requirement
 - Federal fleets also are NOT eligible to receive funding under this solicitation for vehicles or infrastructure
 - Cannot use other federal funds to satisfy the 50% matching requirement

U.S. EPA Diesel Emission Reduction Program

- \$300 million in new funding under ARRA allocated as follows:
 - \$156 million - National Clean Diesel Program
 - \$30 million - SmartWay Finance Program
 - \$20 million - “emerging technologies” development
 - \$88 million – to states for diesel emission reductions
 - \$6 million – EPA administrative purposes
- Solicitations for competitive grants issued in March
- State funding notices for \$88 million went out in March
- Eligible applicants for competitive funds – diesel collaborative, state authorities, certain non-profit organizations
- EPA Solicitations here - <http://www.epa.gov/otaq/eparecovery/>

U.S. EPA Diesel Emission Reduction Program

- Qualifying projects
 - Repower
 - Retrofits
 - Vehicle replacements
 - Non-road cargo handling equipment, airport equipment
- Fueling infrastructure projects NOT allowed
- NG repower and replacements qualify
- Funding provided
 - 75% for engine repowers
 - 25% for replacements/50% for school buses @ 2010 std.
 - 100% for incremental cost of cleaner fuels

U.S. EPA Diesel Emission Reduction Program

- \$156 million diesel emission reduction grants
 - Requests for funding due April 28
 - \$500 K - \$10 million per project (varies by region)
- \$30 million SmartWay Finance Program
 - Requests for funding due April 28
- \$20 million emerging technologies grants
 - Requests for funding due May 5
 - Only for technologies which currently have not been certified or verified by EPA or CARB – M&HDVs only
- \$88 million for state diesel emission reductions
 - \$1.73 per state expected to be awarded mid-April

Energy Efficiency and Conservation Block Grants (EECBG)

- \$3.2 billion in new funding – previously not funded
- DOE website - <http://www.eecbg.energy.gov/>
- Funding allocated by formula as follows:
 - 68 percent to city and county programs
 - 28 percent to state programs
 - 2 percent for DOE to provide for competitive grants
 - 2 percent for tribal programs
- Qualifying projects
 - Transportation programs that conserve energy
 - Projects involving capture of methane or other greenhouse gases

Energy Efficiency and Conservation Block Grants (EECBG)

- Solicitation for formula grants issued March 26
- Funding notice # DE-FOA-0000013
- \$2.7 billion available
- Eligible entities
 - States, cities, counties and Indian tribes
- Application due dates
 - States, May 26
 - Cities, counties, and Indian tribes, June 25
- Contact local Clean Cities Coalitions and State Energy Office

More Funding Opportunities

- CMAQ – GLICCC Call for Projects
- CMAQ – Federal Aid Project Proposal (FAPP)
- NYSERDA – Program Opportunity Notices (PON)
- NYSERDA – NYS Clean Cities Challenge
- NYSERDA – NYC Private Fleet Program
- DOE Freedom Car Program
- Diesel Emission Reduction Program

Diesel Emission Reductions

- Congress has grouped the funding for four diesel emission reduction programs from the 2005 Energy Bill into one -- the Diesel Emission Reduction Program:
 - Clean School Bus Program
 - Diesel Emission Reduction Program
 - Diesel Truck Retrofit and Fleet Modernization
 - Idle Reduction

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FY 09 APPROPRIATIONS: Diesel Emission Reductions

- \$60 million available for FY 2009
- Unknown how the funds will be distributed amongst the different programs
- EPA Regional offices will issue their own Requests for Applications (RFAs) soon
- Work with regional collaboratives
- NYS Region 2 – www.northeastdiesel.org

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