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Modify & Extend Sec. 30D Tax Credit for 2 & 3 Wheeled Plug-In Vehicles

Background: The manufacturing and distribution of 2 and 3-wheeled plug-ins throughout the world today is already providing economic stimulus. The current Sec 30D U.S. Tax Credit to consumers has helped to jumpstart the market. When enhanced, this tax credit will help further develop the consumer market and promote environmental and economic benefits immediately. An increase in this tax credit is appropriate in order to help accelerate the transition off of foreign fossil fuels, at a time when we most need to support the best real alternatives, especially from American manufacturers.

The plug-in electric drive vehicle tax credit is so important to the alternative and renewable energy priorities of this country that it should extend to the variety of vehicles that are actually will be in volume production over the next five years.

Jobs: The environmental impacts of these vehicles are not the only benefits, but also the existing and future green job creation for this new, exciting industry where the US currently leads. If the tax credit is extended and modified, we estimate that over 1900 green jobs (both R&D and new manufacturing) would be created by this industry in the next eighteen months and as many as 16,000 could be created over the next five years.

Modify and Extend Sec. 30D:

1) Currently there are over 5000 e-motorcycles (2 and 3 wheeled) on US roads (confirmed by the Pike Research Report-2012). According to Pike Research, this market is predicted to grow to 50,000 by 2015, but could accelerate much more rapidly with appropriate plug-in vehicle tax credits and incentives.

2) These vehicles use the same advanced battery technology and in some cases require more sophisticated battery technology than electric cars due to size and weight constraints. The battery technology continues to be the most expensive component and the primary driver for an increased tax credit.

Our Request:

a) Complete the Section 30D harmonization begun at the end of last year in the tax extenders bill by treating 2-3 wheeled EVs just like other passenger EVs covered in Section 30D.
b) Use the same battery based calculation for computing the tax credit, starting at 4 kWh and ranging up to 16 kWh.
c) For this industry, which represents about 10% of the unit volume of the automobile industry, set a per manufacturer cap of 25,000 units as the maximum phase-out (vs. 250,000 for cars). Even with five manufacturers, the lower costs would still make this equivalent to adding less than one half of a new automobile manufacturer to the overall 30D incentive.