

# American Recovery and Reinvestment Act of 2009

Summary of Electric Drive and Alternative Fuel-Related Provisions  
April 23, 2009

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The following document provides a detailed section-by-section summary of the electric vehicle and alternative fuel-related provisions included in the American Recovery and Reinvestment Act of 2009 (ARRA). Among the electric vehicle-related provisions in ARRA is an electric drive vehicle credit, which ranges from \$2,500 to \$4,500 per vehicle depending on the battery power (4 kWh- 16 kWh). Taxpayers may claim the full amount of the allowable credit up the end of the first calendar quarter in which the auto manufacturer records its 200,000<sup>th</sup> sale of a plug-in electric vehicle. The credit is reduced in following calendar quarters. The credit is allowed against the alternative minimum tax. The bill also restores and updates the electric vehicle credit for plug-in electric vehicles that would not otherwise qualify for the larger plug-in electric drive vehicle credit and provides a tax credit for plug-in electric drive conversion kits. This credit is estimated to cost \$2.002 billion over 10 years.

Among the alternative fuel-related provisions in ARRA is a tax credit for alternative refueling property. This is a tax credit to businesses that install alternative fuel pumps, such as fuel pumps that dispense E85, electricity, hydrogen, and natural gas. For 2009 and 2010, the bill would increase the 30% alternative refueling property tax credit for businesses (capped at \$30,000) to 50% (capped at \$50,000). In addition, the bill would increase the 30% alternative refueling property credit for individuals (capped at \$1,000) to 50% (capped at \$2,000). This credit is estimated to cost \$54 million over 10 years.



8 Summer Street, PO Box 583 Rockport, ME 04856 (207) 236-6470 [admin@env-ne.org](mailto:admin@env-ne.org)  
Rockport, ME / Boston, MA / Providence, RI / Hartford, CT / Portland, ME/  
Charlottetown, PEI, Canada / [www.env-ne.org](http://www.env-ne.org) / Daniel L. Sosland, Executive Director

Environment Northeast is a nonprofit organization that researches and advocates innovative policies that tackle our environmental challenges while promoting sustainable economic development. ENE is at the forefront of state and regional efforts to combat global warming with solutions that promote clean energy, clean air and healthy forests.

Division A	Appropriations Provisions
Title IV	Energy and Water Development
pg. 24	<p>Department of Energy, Energy Programs, Energy Efficiency and Renewable Energy</p> <ul style="list-style-type: none"> <li>• \$2 billion in grants for advanced battery manufacturing, including lithium ion batteries, hybrid electrical systems, component manufacturers, and software designers. Originally authorized but not funded under the Energy Independence and Security Act of 2007, (EISA- Section 315).</li> <li>• \$400 million for deployment of plug-in infrastructure and vehicles (EISA Sec. 543B).</li> <li>• \$300 million for the federal purchase of commercially available high-efficiency vehicles (including hybrids, PHEVs, and BEVs) to remain available until 9/30/2011.</li> <li>• \$300 million to regional deployment of electric drive and alternative fuel vehicles (Clean Cities grant support via Department of Energy funding).</li> </ul>
pg. 26	<ul style="list-style-type: none"> <li>• \$10 million additional for administration of Advanced Technology Vehicles Manufacturer Loan Program (EISA- 2007).</li> <li>• \$6 billion additional to Innovative Technology Loan Guarantee program which could go to PHEVs (authorized under Energy Policy Act 2005). Program provides loan funding to help automakers retool to make more fuel efficient vehicles.</li> </ul>
Division B	Tax, Unemployment, Health, State Fiscal Relief, and other Programs
Title I	Tax Provisions
Part I	General Tax Relief
Sec. 1008	<p>Additional Deduction for State Sales Tax and Excise Tax on the Purchase of Certain Motor Vehicles</p> <ul style="list-style-type: none"> <li>• \$1.7 billion—the new automobile purchase sales tax credit will also apply to PHEVs. The bill provides all taxpayers with a deduction for state and local sales and excise taxes paid on the purchase of new cars, light trucks, RVs, and motorcycles through 2009. This deduction is subject to a phase-out for taxpayers with adjusted gross income in excess of \$125,000 (\$250,000 joint return).</li> </ul>
Part III	Energy Conservation Initiatives

Sec. 1123	Temporary Increase in Credit for Alternative Fuel Vehicle Refueling Property
Part V	Plug-in electric drive motor vehicles
Sec. 1141	<p>Credit for new qualified plug in electric drive motor vehicles</p> <ul style="list-style-type: none"> <li>• \$2 billion Plug-in Vehicle Tax Credit <ul style="list-style-type: none"> <li>• \$2,500 to \$7,500 depending on the size of the battery (4 kWh to 16 kWh) for xEVs sold after 12/31/2008. Extends and expands plug-in credits passed with TARP in October 2008. The original plug-in tax credits remain in place for 2009 and the new provisions start in 2010 for this part of the credit.</li> <li>• The credit was increased from 250,000 total vehicles to 200,000 per automaker. Each automaker will get 100% of the credit for their first 200,000 vehicles, 50% of the credit for the next two calendar quarters, and 25% of the credit for the final two calendar quarters.</li> <li>• Covers both sales and leases.</li> <li>• No limit to the number of vehicle manufacturers that can qualify for the credit.</li> <li>• 10% separate consumer tax credit for 2 and 3-wheeled electric vehicles with a minimum of 2.5 kWh of battery energy.</li> <li>• 10% credit for neighborhood electric vehicles, up to \$2,500.</li> <li>• 10% credit for plug-in conversions up to \$4,000 (\$40,000 conversion value), available until 12/31/2011. Applies to both PHEV conversions and ICE to EV conversions.</li> </ul> </li> </ul>
Sec. 1302	<p>Credit for Investment in Advanced Energy Facilities</p> <ul style="list-style-type: none"> <li>• \$54 million for tax credits on Alternative Refueling Property (including EV/PHEV charging). Also increased residential refueling property tax credit to 50% of up to \$2000 (this is a TARP modification).</li> </ul>
Sec. 48C	<p>Qualifying Advanced Energy Project Credit</p> <ul style="list-style-type: none"> <li>• \$1.7 billion manufacturing tax credit for advanced energy investments up to 30%, including plug-in vehicle manufacture.</li> </ul>

