

FEDERAL TAX INCENTIVES FURTHER IMPROVE NGV'S LIFE-CYCLE COST ADVANTAGE

Vehicle Tax Credit

Dedicated alternative fueled vehicles placed in service after December 31, 2005 qualify for up to 80% of the incremental cost. Credit value is on sliding scale based on vehicle weight.

- Light-Duty vehicles up to 8,500 lbs can qualify for up to \$4,000;
- Medium-Duty vehicles up to 14,000 lbs qualify up to \$8,000;
- Medium-Heavy-Duty vehicles up to 26,000 lbs qualify for up to \$20,000;
- Heavy-Duty vehicles over 26,000 lbs qualify for up to \$32,000.

Seller of vehicle can take credit if buyer is a tax exempt entity

- Tax exempt entities can negotiate with seller to capture value of tax credit
- This provision allows cities, municipalities and special district fleets like schools and other jurisdictional authorities to take advantage of incentives

Federal Motor Fuels Excise Tax Credit

Provision provides \$.50 excise tax credit per gallon of Liquefied Natural Gas (LNG) or gasoline-gallon-equivalent (GGE) of Compressed Natural Gas (CNG), payable to the seller, or if no sale occurs before use (e.g. fleet operates its own station), user can take credit.

- Credit took effect October 1, 2006. (Credit expired December 31, 2009 but Congress is expected to extend it retroactively in 2010.)
- Entities that operate their own stations get full credit as users of fuel before sale. Those who purchase from fuel provider will benefit from lower fuel costs from seller.
- Seller's tax credit applies regardless of seller's excise tax obligation (i.e., tax exempt organizations that sell or use fuel qualify for the credit). Based on the buyer's tax status, motor fuels excise tax of \$.183 per CNG GGE or \$.243 per LNG gallon may still apply. Full or net credit is paid in form of rebate check.

Alternative Fueling Station Credit

Federal tax credit equal to 50% of refueling equipment placed into service that year, with maximum \$50,000 credit per year, per location.

- Credit is in effect on equipment placed into service after December 31, 2005.
- Measure also provides \$2,000 tax credit for home natural gas vehicle