

Tax Incentive Provisions	Energy Policy Act of 2002 Senate (H.R. 4) Approved 04/25/02	Securing America's Future Energy Act of 2001 H.R. 4 Approved 8/02/01
<b>Battery Electric Vehicles (BEVs)</b>	<b>Sec. 2002</b> 10% of MSRP up to \$1,500 for <i>low-speed</i> BEVs.  \$3,500 tax credit for passenger and light-duty BEVs  Same - except credit is \$6,000  Same  Same  Same  Expires - Dec. 31, 2006	<b>Sec. 3105</b> 10% of MSRP up to \$4,000 for <i>low-speed</i> BEVs  \$4,000 tax credit for passenger and light-duty BEVs  \$5,000 tax credit for LD BEVs (< 8,501 gvwr) w/ a 70 mile driving range, and/or with payload capacity of at least 1,000 lbs  \$10,000 tax credit for BEVs with a gvwr 8,501 lbs - 14,000 lbs  \$20,000 tax credit for BEVs with a gvwr 14,001 lbs - 26,000 lbs  \$40,000 tax credit for BEVs with a gvwr 26,001 lbs & up  Expires - Dec. 31, 2007.
<b>Fuel Cell Motor Vehicles</b>	<b>Sec. 2001</b> Same  Same  Same  Same  Same  Same	<b>Sec. 3104</b> \$4,000 base tax credit for fuel cell motor vehicles < 8,501 gvwr; (must meet at least LEV Std. for 2002 - 2003 & at least Bin 5 for 2004 & later)  Additional \$1,000 - \$4,000 credit for LD fuel efficiency improvements over MY 2000 baselines, which are set out in the legislation: \$1,000 - 150-174 %      \$3,000 - 250-274% \$1,500 - 175-199%      \$3,500 - 275-299% \$2,000 - 200-224%      \$4,000 - 300% & up \$2,500 - 225-249%  \$10,000 tax credit for FCVs with a gvwr 8,501 lbs - 14,000 lbs  \$20,000 tax credit for FCVs with a gvwr 14,001 lbs - 26,000 lbs  \$40,000 tax credit for FCVs with a gvwr 26,000 lbs or greater  Expires - Dec. 31, 2011

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Hybrid Motor Vehicles	<b>Sec. 2001</b> <b>Passenger cars and light duty trucks</b> Almost exactly the same  \$250 - 4-9% max. pwr. (only difference) - see <b>section 2010</b> adjust percentage down  Similar  \$500 - 125-149%                      \$2,000 - 200-224% \$1,000 - 150-174%                  \$2,500 - 225-249% \$1,500 - 175-199%                  \$3,000 - 250% & up  Must meet BIN 5,Tier II emission standards in 2004 & later years in qualify for credits.  No provision  <b>Heavy Duty Hybrids (defined as &gt; 10,000 lbs. Gvwr)</b> Almost exactly the same  <b>GVWR &lt; 14,001</b> \$1,000 - 20-29% (only difference)  <b>GVWR 14,001-26,000</b> Same  <b>GVWR 26,001 &amp; up</b> Same  <b>Cleaner Engines</b> Same  Expires - Dec. 31, 2006	<b>Sec. 3104</b> <b>Passenger cars and light duty trucks</b> \$250 to \$1,000 tax credit based on maximum available power from the rechargeable energy storage system - see below: \$250 - 2.5-9% max. pwr.                      \$750 - 20-29% max. pwr. \$500 - 10-19% max. pwr.                      \$1,000 - 30% & up max. pwr.  Additional tax credit for exceeding MY 2000 baseline fuel economy levels, which are set out in the legislation: \$1,000 - 125-149%                      \$2,500 - 200-224% \$1,500 - 150-174%                      \$3,000 - 225-249% \$2,000 - 175-199%                      \$3,500 - 250% & up  Must meet at least LEV emission levels.  Provides an additional tax credit (see below) for passenger HEVs and light-duty truck HEVs that achieve certain lifetime fuel savings: \$250 – at least 1,500 gallons of gasoline saved over lifetime of HEV \$500 – at least 2,500 gallons of gasoline saved over lifetime of HEV  <b>Heavy Duty Hybrids (defined as &gt; 10,000 lbs. Gvwr)</b> Credits are based on maximum available power from the rechargeable energy storage system and vary by weight class - see below:  <b>GVWR &lt; 14,001</b> \$1,500 - 20-29%                      \$2,250 - 50-59% \$1,750 - 30-39%                      \$2,500 - 60% & up \$2,000 - 40-49%  <b>GVWR 14,001-26,000</b> \$4,000 - 20-29%                      \$5,500 - 50-59% \$4,500 - 30-39%                      \$6,000 - 60% & up \$5,000 - 40-49%  <b>GVWR 26,001 &amp; up</b> \$6,000 - 20-29%                      \$9,000 - 50-59% \$7,000 - 30-39%                      \$10,000 - 60% & up \$8,000 - 40-49%  <b>Cleaner Engines</b> - provides additional tax credit for medium and heavy-duty HEVs that use "cleaner" engines; incentive declines over time and vary by weight class: \$3,500 - \$1,500 - 14,000 lbs gvw or less \$9,000 - \$4,000 - 14,001 – 26,000 lbs gvw \$14,000 - \$6,000 - 26,001 lbs gvw & up  Expires - Dec. 31, 2007

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<b>Dedicated Alternative Fuel Motor Vehicles</b>	<b>Sec. 2001</b> Same, except it's 40 percent not 50 percent Same  Same Same Same Same  Same  Substitute 90 percent for 95 percent.  Expires Dec. 31, 2006.	<b>Sec. 3104</b> Base Credit - 50% of established incremental cost limits Additional credit - 30% of established incremental cost limits if meet near zero emissions (SULEV or Bin 2) (see incremental costs below)  Incremental cost for dedicated AFVs: \$5,000 - 8,500 gvwr or less \$10,000 - 8,501 - 14,000 \$25,000 - 14,001 - 26,000 \$40,000 - 26,001 & up  Alternative fuels - CNG, LNG, LPG, hydrogen, and M-85  "Mix-fuel" vehicles - using 75% AF/25% petrol. (75/25) earn 70% of above credits "Mix-fuel" vehicles - using 95% AF/ 5% petrol. (95/5) earn 95% of above credits  Expires - Dec. 31, 2007
<b>Clean Fuel Vehicle Refueling Property</b>	<b>Sec. 2010</b> Same  <b>Sen. Amendment 3331</b> Clarifies that qualified clean fuel refueling property (Internal Revenue Code, sec. 179A) includes equipment used to produce hydrogen from other clean burning fuels.  <b>Sec. 2003</b> Business tax credit of 50% (up to \$30,000) for installation costs of refueling property  Business tax credit of 50% (up to \$1,000) for installation cost of residential refueling property  Expires - Dec. 31, 2006 (non-hydrogen property) Expires - Dec. 31, 2011 (hydrogen property)	<b>Sec. 3105</b> Extends existing clean fuel fueling property deduction, delaying the the phase-out by three years. Expires Dec. 31, 2007  No provision  No provision  No provision

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<b>Retail Sale of Alternative Fuels for Motor Vehicles</b>	<p><b>Sec. 2004</b> Gasoline gallon equivalent GGE (114,000 Btu) tax credit for alternative fuels at the following rates: \$0.30 - 2002 - 2003 \$0.40 - 2004 \$0.50 - 2005 - 2006</p> <p>Eligible alternative fuels included - CNG, LNG, LPG, Hydrogen, M85, E85</p> <p>Expires - Dec. 31, 2006</p>	No provision
<b>Ethanol Small Producer Credit</b>	<p><b>Sec. 2005</b> Small producer cooperatives may elect to pass existing credit to patrons of the cooperative. Tax credit counts toward gross income of patrons.</p> <p>Definition of small producer now includes entities that produce up to 60 million gallons per year</p> <p>Tax credit now counts against regular and minimum tax</p>	No provision
<b>Alcohol Fuel Taxes Transferred to Highway Trust Fund</b>	<p><b>Sec. 2006</b> Transfers taxes on alcohol fuels to the Highway Trust Fund Applies to taxes imposed after Sept. 30, 2003</p>	No provision
<b>Alcohol Fuels Credit ETBE Producers</b>	<p>ETBE producers may assign tax credit for alcohol fuel used in ETBE production Must be assigned to a qualified assignee - someone that is registered fuel supplier &amp; is liable for paying fuel taxes; assignee may apply alcohol credit against motor fuel tax liability</p> <p>Effective upon law's passage.</p>	No provision
<b>Biodiesel Fuel Mixtures</b>	<p><b>Sec. 2008</b> Producers of biodiesel blends using virgin vegetable oils qualify for: \$0.01 per percentage of biodiesel blended with diesel (up to 20%) (i.e., max credit \$0.20/gal)</p> <p>Producers of biodiesel blends using non-virgin vegetable oils, and animal fats qualify for: \$0.005 per percentage of biodiesel blended with diesel (up to 20%) (i.e., max credit \$0.10/gal)</p> <p>Fuel must be used in compression-ignition engine but does not require that it be an onroad engine</p> <p>Reduces the highway excise tax on biodiesel blends so that biodiesel portion is not taxed - only applies to biodiesel blends using virgin vegetable oils</p> <p>Transfers funds from the Commodity Credit Corp. to the Highway Trust Fund to make up for lost tax revenues resulting from biodiesel credits</p> <p>Effective - Jan. 1, 2003 Expires - Dec. 31, 2005</p>	No provision

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Lean Burn Technology Vehicles	No provision	<p><b>Sec. 3104</b> Provides a tax credit from \$1,000 to \$3,500 for advanced lean burn technology motor vehicles that meet specific vehicle mileage performance criteria through 2007 (125-250 % increase over MY 2000 city fuel economy)</p> <p>Provides an additional tax credit (see below) for advanced lean burn technology motor vehicles that achieve certain lifetime fuel savings through 2007:</p> <p>\$250 – at least 1,500 gallons of gasoline saved over lifetime \$500 – at least 2,500 gallons of gasoline saved over lifetime</p>
Diesel -Water Blends	No provision	<p><b>Sec. 3116</b> Reduces federal excise tax on diesel fuel blends containing water - the rate is reduced to \$0.197 for diesel-water fuel emulsion containing at least 14 percent water</p>
Tax Exempt Entities	<p><b>Sec. 2001, 2003</b> Tax credits in some cases may be taken by seller/manufacture/provider if entity buying or leasing property is not taxable. The list below includes the provisions that allow pass through of tax credit:</p> <p>FCVs tax credit HEVs tax credit AFVs tax credit AF Infrastructure Installation tax credit</p> <p>Must disclose the value of credit to the tax exempt entity</p>	<p><b>Sec. 3104, 3106</b> Similar but requires disclosure of the value of the tax credit and also a reduction in the price of the vehicle by an amount equal to the credit.</p>