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MEMORANDUM IN SUPPORT OF

A.9009-B – Part LL

In Relation to exempting the sale of the first \$35,000 of a battery, electric, or plug-in hybrid electric vehicle from state sales and compensating use taxes, and to authorize cities and counties to elect such exemption

March 2022

The Alliance for Clean Energy New York (ACE NY) supports A.9009-B Part LL and urges its inclusion in the final State Budget. This provision would exempt the first \$35,000 of a lease or purchase of an electric vehicle (EV) from State sales tax. Sales taxes collected from the car would be the amount greater than \$35,000, the average price for a sedan model EV.¹ The provision would also allow local governments to extend this exemption to their portion of the sales tax. Ultimately, the purpose of this provision is to incentivize the purchase of electric vehicles.

New York State's transportation sector is the biggest greenhouse gas emitter in the State, accounting for nearly 36 percent of the State's emissions. If New York State is to achieve its emission reduction, climate change, and clean air goals, then we must expand the deployment of zero-emission vehicles (ZEVs) to displace fossil fuel-based vehicles. The beneficial electrification of our transportation sector is an important step to fulfilling the state's ambitions in battling climate change.

The State's climate law, the Climate Leadership and Community Protection Act, has set a goal of reducing our greenhouse gas emissions by 40 percent by 2030 and 85 percent by 2050. In support of this effort, the Public Service Commission recently created a \$700 million program to expand the electric vehicle charging infrastructure across the State.² And, New York has committed to put 850,000 ZEVs on the road by 2025 when it signed the ZEV Memorandum of Understanding³ with other Northeast states. This bill will complement those State programs by reducing the upfront costs of purchasing or leasing an electric vehicle, a key barrier to EV adoption.

Recent state actions to expand charging infrastructure across the State needs to be met with actions that increase electric vehicle use and ownership. A State sales tax exemption is a small incentive for individuals to adopt EVs that collectively helps all of us reduce air pollution and greenhouse gas emissions. This is not just a benefit to New York State consumers but will also be a great benefit to the State.

For the above reasons, the Alliance for Clean Energy New York supports this legislation. For more information contact Deb Peck Kelleher, Director of Policy Analysis & Operations, at (c) 518-698-3211. All of ACE NY's memos on legislation are available at <https://www.aceny.org/legislative-actions>.

¹ "According to [Kelley Blue Book \(KBB\)](https://www.kelleybluebook.com), the average new car cost in September 2018 in the United States was \$35,742," <https://www.caranddriver.com/research/a31544842/how-much-is-an-electric-car/>

² EV Make Ready Program, <https://www.governor.ny.gov/news/governor-cuomo-announces-make-ready-program-electric-vehicles>

³ State Zero-Emission Vehicle Programs MOU, <https://www.nescaum.org/documents/zev-mou-8-governors-signed-20131024.pdf/>