

Clean Car

Incentives

Clean Car Incentives Report

- SA 05-06 - required DEP to create a clean car incentive plan (aka "feebate") and submit to the General Assembly by 1/1/06.
- This required DEP to work with a numerous stakeholders to study a sales tax based incentive under which the sales tax would be adjusted +3/-3% depending on a vehicle's GHG emissions.



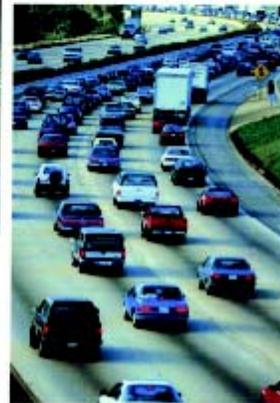
Commissioner Gina McCarthy
Connecticut Department of Environmental Protection

Special Act No. 05-6

Connecticut Clean Car Incentive Program

Report to the Joint Committee on
the Environment of the
Connecticut General Assembly

January 2006



Clean Car Incentives Report

- DEP delivered the report to the General Assembly's Environment Committee on Feb. 1st
- The Clean Car Incentive Report is available at:
- <http://www.dep.state.ct.us/air2/greenhousegas/ctcleancarincentive.pdf>

Key Findings

- Reducing GHGs and addressing climate change will require innovative approaches and policies.
- Encouraging consumers to buy more efficient "_____ " will be critical to these efforts.
- Using the sales tax system as an incentive will be challenging.

Sales Tax Challenges

- Sales tax is not part of most purchasing decisions;
 - Necessitating robust public outreach
- Sales tax reporting requirements are not conducive to this incentive;
 - Reporting is batched based on gross sales
- Sales tax applies to net vehicle purchase price (trade-in allowance issue)
- Leases
 - Sales tax only applies to value of lease payments (see above)

Bottom Line

- Using the sales tax may not be the best fit for an incentive program.
- But if the General Assembly further considers this approach, DEP recommends:
 - A two-tiered system (cars/light trucks);
 - Calculating GHGs based on avg fuel economy;
 - Further study of tax laws and pivot points;
 - Delayed implementation to allow for consumer outreach;
 - Further consideration of revenue impacts;
 - Further consideration of "green" labeling and other incentives.