

Incentives for Sustainability

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by Thomas Beck, AIA, NCARB

Let's take a moment to look at financial incentives for transitioning to Electric Vehicles (EVs). The folks at Generation 180 have once again made this extremely easy to navigate. (<https://www.generation180.org/the-lowdown-on-clean-energy-incentives/>?) In this informative post they include a link to a CNC.ECO post from January 24, 2022, which explains very well what incentives are available, what vehicles qualify, and how this varies depending on one's tax burden. (<https://www.cnc.eco/ev/heres-every-electric-vehicle-that-currently-qualifies-for-the-us-federal-tax-credit/>) "First and foremost, it's important to understand three little words the government slips in front of the \$7,500 credit – "may" and "up to." As in, you may qualify for up to \$7,500 in federal tax credit for your electric vehicle. At first glance, this credit may sound like a simple flat rate, but that is unfortunately not the case.

For example, if you owned a Nissan LEAF and owed say, \$3,500 in income tax this year, then that is the federal tax credit you would receive. If you owed \$10,000 in federal income tax, then you would qualify for the full \$7,500 credit.

It's important to note that any unused portion of the \$7,500 is not available as a refund, nor as a credit for next year's taxes."

The post also mentions the possibility of another, larger, credit should the Build Back Better (BBB) Act's EV incentives be retained in the bill. "The Build Back Better Act and its potential \$12,500 EV credit still await passage." The Generation180 story also mentions the potential higher incentives in BBB, mentioning that not only would incentives be extended to Americans with low or no tax burden in the form of refunds, but would increase the incentive to \$10,500 for vehicles produced in the U.S. by union workers. It is possible that these provisions may appear in a standalone climate bill in 2022.

Generation180, in another post, provides resources for calculating the cost of EVs versus internal combustion vehicles. (<https://generation180.org/the-showdown-gas-vs-electric/>?) The post includes a link to the Plug Star website, a great resource for helping decide what EV makes the most sense for you and your budget. (<https://plugstar.com/>) Just for fun on this landing page we plugged in the Lucid Air Dream Edition P in the search box. (We read a little about this high-end luxury vehicle with spectacular range of 471 miles in the course of our research.) This led us to a very well-designed infographic with links to just about everything we needed to know about that vehicle, including incentives. One can choose paying cash, loan or lease options to narrow down the pricing. This website also includes a page for incentives only. (<https://plugstar.com/tools/incentives>) Currently this tool shows up to \$10,000 combined, \$2500 to \$7500 federal and \$1500 to \$2500 Colorado Plug-In Electric Vehicle tax credit. This link shows the Colorado info: <https://afdc.energy.gov/laws/11702>.

Another interesting resource we found for the availability of incentives for EVs can be found at <https://evadoption.com/ev-sales/federal-ev-tax-credit-phase-out-tracker-by-automaker/>. According to this "Phase Out Tracker" the next major manufacturer to reach the threshold at which the tax credits phase out "partially or completely" will be Toyota in Q1 2022, followed by Ford in Q3 2022.

One of the fears we hear often is that of EV driving range on one electric charge. (<https://www.generation180.org/are-we-over-range-anxiety-yet/>) The range of all electric EVs is improving dramatically, even among vehicles in the mid- to lower price points. It looks like the best range currently is the \$170,500 Lucid Air Dream with a 500-mile range on a single charge. But even the Kia Niro EV has a range of 239 electric miles, at a much more modest cash price of \$33,369 after fees, tax and incentives. According to Lucid Motors "MotorTrend called it [the Lucid Air Dream] a mic drop in an exclusive drive with MotorTrend, Lucid Air Dream Edition R cruised from Los Angeles up to San Francisco and back down to Lucid HQ in Newark – a 445-mile trip – with 72 miles to spare. And this was real-world testing, air conditioning on, pacing with the flow of traffic. The cruise control was set at a

practical 67 mph.” (<https://www.lucidmotors.com/stories/lucid-air-achieves-520-miles-of-range/>)
(<https://www.motortrend.com/reviews/2022-lucid-air-dream-edition-r-exclusive-first-drive-review/>)

According to the Generation180 “range” article, AAA says the average American drives 31 miles per day.

Ordinary working Americans are discovering many of the benefits of the current offerings in EVs. Take this profile of the owner of a parts delivery business, who will receive delivery this spring of a Ford F-150 Lightning EV pickup truck, mentioned in this February 8, 2022, New York Times article.

(<https://www.nytimes.com/2022/02/08/business/energy-environment/electric-cars-vehicles.html?>)

““There’s so much about this truck that’s going to help me,” Mr. Berry said. The locking front trunk, where an engine normally sits, will give him a secure space to carry parts. He won’t spend \$80 for fuel every few days.

And since the Lightning can be used as a power source, it will revolutionize his tailgate at Ohio State football games. “I’ll be able to set up my big-screen TV,” Mr. Berry said. “I can power the electric smoker I use for ribs and pork. I’m superexcited. I’m going to be the guy everybody’s talking about.” He is paying roughly \$75,000 for his Ford F-150 EV pick-up. They start at \$40,000. Ford amassed 200,000 reservations for the truck before they stopped taking reservations. They have doubled their initial production goal of 75,000 per year.

Given the current incentives, the reality of new charging infrastructure contained in the already funded bipartisan Infrastructure Bill, the increasing mileage range of EVs in price ranges affordable to a broader swath of consumers, and a Return on Investment (ROI) of only a few years due to lower maintenance costs, now is a really good time to act on purchasing EVs.

Beck, Thomas W., Together We Build, “[Incentives for Sustainability](https://www.eptail.com/2022/02/23/together-we-build-incentives-for-sustainability/)”, *Estes Park Trail Gazette*, Friday, February 23, 2022, <https://www.eptail.com/2022/02/23/together-we-build-incentives-for-sustainability/>