



4/29/2019

Senate Finance Committee
200 E. Colfax Ave.
Denver, CO 80203

Honorable Members:

Colorado Energy Office testimony in favor of HB19-1159

Thank you for the opportunity to provide is testimony on behalf of the Colorado Energy Office, to express our support for House Bill 1159.

I'd like to start by speaking to the importance that tax credits play in driving the purchase of electric vehicles. In 2018, the National Association of State Energy Officials (NASEO) and the Cadmus Group did an analysis on the role that various policies play in stimulating purchase of electric vehicles. Through extensive research they found that policies that help reduce the upfront cost of electric vehicles, such as rebates and tax credits, were the most effective policies a state or local government could implement. Their analysis showed that the cost of a vehicle is a critical consideration for new car buyers. For this reason, helping to reduce the upfront cost of electric vehicles is one of the most important strategies the State can implement to grow the EV market in Colorado.

The Energy Office has long supported policies that make it easier for Colorado consumers and businesses to own and operate electric vehicles. We were early supporters of the innovative motor vehicle tax credit. And we have actively supported past efforts to improve the tax credit by making it easier to understand and administer.

It's a well-known fact that electric vehicles cost more than their conventional counterparts. This is due in large part to the cost for batteries. Battery costs have come down significantly over the last few years, from \$1,000 per kilowatt hour in 2010 to \$200 per kWh in 2017. Despite this rapid decrease in costs however, the upfront costs of EVs are still higher than conventional vehicles. This bill extends the tax credit for electric vehicles through 2025, helping ensure a level playing field for electric vehicles up until the point they become cost-competitive. And recognizing that as EV costs come down, so too should the level of incentive, this bill wisely ratchets down the value of the tax credit starting in 2020 and eliminates it altogether beginning in 2026. This is right around the point at which most market assessments project the cost of EVs beginning to reach parity with conventional vehicles.



I'll end by noting that increasing the number of electric vehicles in the state is good for all Coloradans. The operation of an electric vehicle results in fewer greenhouse emissions and contributes to improved air quality. Electric vehicles are less expensive to fuel and maintain, resulting in cost savings to consumers and businesses. They add electrical load during off peak periods, leading to more efficient use of utility grid assets. And they're powered with locally-produced electricity, helping to support energy independence. An analysis conducted by M J Bradley and Associates found that widespread adoption of electric vehicles in Colorado would result in over \$40 billion dollars in net benefits to by 2050. Tax credits are one important tool for jumpstarting the market and allowing the state to realize these benefits.

Extending the tax credits through 2025 also aligns well with the current consideration of adoption of zero emissions vehicles standards by the state Air Quality Control Commission. If those standards are adopted, they will be in place beginning in 2022 and extend through 2025.

Given the broad set of benefits that come from widespread adoption of electric vehicles, the temporary nature of the tax credit extension, and the importance of tax credits in stimulating adoption of electric vehicles, the Colorado Energy Office strongly supports this bill.

Sincerely,

Will Toor

Dr. William Toor, Executive Director, Colorado Energy Office

