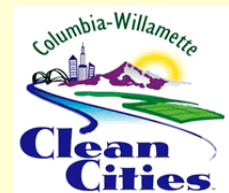


# Federal Incentives for the Purchase and Use of Natural Gas and Associated Infrastructure



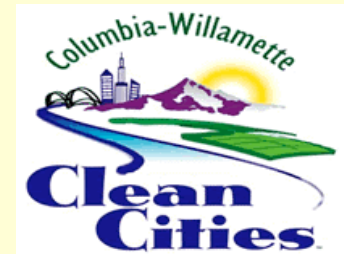
# 2005 Energy and Highway Bills Approved by Congress

- **HR 6: the Energy Policy Act of 2005**
  - **Includes income tax credit for alt fuel vehicle purchases and fueling infrastructure**
- **HR 3: “Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users” or “SAFETEA-LU”**
  - **Includes excise tax credit for natural gas and other alt fuel used**



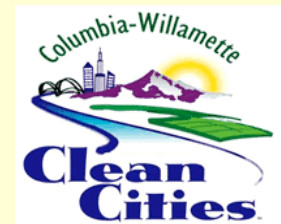
# Vehicle Purchase Tax Incentive

- An income tax credit to the buyer of a new or converted dedicated alternative fuel vehicle:
  - **50 percent of the incremental cost of the vehicle - plus an additional 30 percent if the vehicle meets certain tighter emission standards**
- Tax credit goes to seller if the buyer is a non-tax paying entity



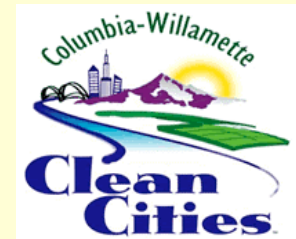
# Vehicle Purchase Tax Incentives

- Credits range from \$2,500 to \$32,000 depending on the size of the vehicle
  - **\$2,500-\$8,000: 8,500-14,000 lbs.**
  - **\$12,500-\$20,000: 14,000-26,000 lbs.**
  - **\$20,000-\$32,000: Over 26,000 lbs.**
- The credit is effective for vehicles placed in service after December 31, 2005 and expires on December 31, 2010



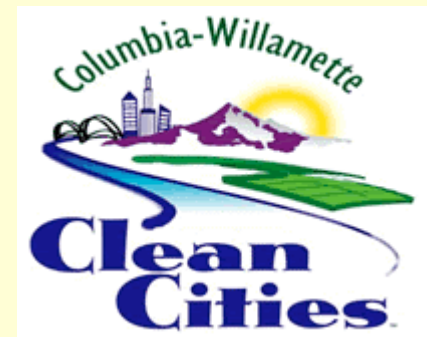
# Alt Fuel Infrastructure Tax Incentive

- An income tax credit equal to 30 percent of the cost of Alt fuel refueling equipment
  - Up to \$30,000 in the case of commercial stations
  - Up to \$1,000 for home refueling appliances
  - The credit is effective on purchases made after December 31, 2005 and expires on December 31, 2009
- Tax credit goes to the equipment seller if the buyer is a non-tax paying entity



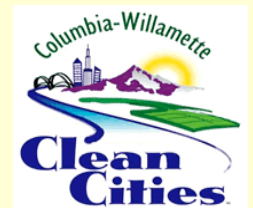
# Fuel Use Tax Incentive

- An excise tax credit is paid to the seller of CNG and LNG:
  - 50 cents per GGE of CNG
  - 55.6 cents per DGE of CNG
- Applies to on-road vehicles
  - Also fork lifts and yard hostlers
- Begins on October 1, 2006
  - Expires on September 30, 2009



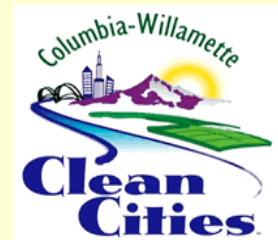
# Fuel Use Tax Incentive

- If there is no “seller”, the credit goes to the user
- Since this is not an income tax credit, non-profits (e.g., public agencies) benefit:
  - **Acts like a rebate**
- The value of the excise tax credit is offset by an increase in the motor fuels excise tax rate for both CNG and LNG
  - **But that doesn't apply to public agencies**



# Using Diesel Will Cost More

- Greater cost for post-2006 diesel trucks
  - Increased purchase, maintenance and operating costs for diesel and diesel-hybrids
- Greater cost of ULSD
  - Natural gas to be 40 percent less expensive than diesel fuel through 2010 and beyond (EIA)



# For More Information

- Contact: Rick Wallace, CWCCC  
Coordinator & ODOE Energy Analyst  
- **503/378-3265, [rick.wallace@state.or.us](mailto:rick.wallace@state.or.us)**
- Contact: Jeff Clarke, NGV America's  
General Counsel and Director of Regulatory  
Affairs  
- **202/824-7366, [jclarke@ngvamerica.org](mailto:jclarke@ngvamerica.org)**  
- **[www.ngvamerica.org](http://www.ngvamerica.org)**

