Parity for Fuel Cell Vehicles and Hydrogen Infrastructure
Reinstate Sections 30B and 30C of the Tax Code

Fuel cell vehicles (FCVs) are a class of zero emission electric cars and trucks that use hydrogen to generate electricity onboard the vehicle. The technology is highly scalable, making it suitable for light duty vehicles, trucks, and buses.

FCVs provide drivers with the same driving experience they have today with the internal combustion engine: a driving range of 300 – 400 miles, a refueling time of three to five minutes, and normal performance in both hot and cold weather.

FCVs reduce vehicle emissions and our reliance on foreign oil, and provide new opportunities for manufacturing. Further, FCVs are a necessary technology option that will assist efforts by automakers to meet state and federal environmental performance standards.

Hydrogen refueling stations are able to service more vehicles per hour compared to electric charging stations. Each retail hydrogen station can service multiple vehicles per hour while fast-charging EV stations take 30-40 minutes per vehicle.

Current market in the U.S. for FCVs

- Three companies, Honda, Hyundai, and Toyota, are currently selling fuel cell vehicles (FCVs), with more companies offering vehicles soon.

- In California, there are more than 7,000 FCVs on the road with a network of 40 hydrogen stations currently operating and 24 more in planning and development. As automobile companies look beyond the California market, they are working with industrial gas suppliers to build hydrogen refueling infrastructure. The Toyota Mirai FCV is commercially available in Hawaii following the opening of one hydrogen station in Honolulu in 2018, and hydrogen stations are open and under development in several Northeast states.

Policy

Congress has provided consumer incentives for the purchase of electric vehicles through two different incentives: the Section 30B Fuel Cell Electric Vehicle Credit, and the Section 30D Plug-In Electric Drive Motor Vehicle Credit.

The 30B Fuel Cell Vehicle Credit was a performance-based consumer incentive of up to $8,000 per vehicle. The credit expired at the end of 2017, along with the 30C Hydrogen Refueling Property Credit, well before any meaningful number of hydrogen stations and vehicles were available. This is supported by a Congressional Research Service report that found no measurable impact on revenue associated with section 30B for FCVs and 30C for hydrogen infrastructure since enactment in 2005.

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Even now, the number of hydrogen stations and vehicles is limited, but growing. Meanwhile, the 30D Electric Drive Vehicle Credit guarantees each manufacturer a sales volume of 200,000 units. Once that volume cap has been met, the credit begins to phase out. The maximum 30D credit is $7,500 based and is based on the size of the battery.

A distinct lack of parity currently exists in the tax code between these two zero emission vehicles. Failure to rectify this lack of parity not only picks winners and losers, but limits choices for consumers who want a ZEV option that replicates the driving experience of today’s gasoline-powered vehicles.

Policy needs

- Currently, the tax code only incentivizes PEVs under section 30D; therefore parity is needed to ensure fair treatment of all electric vehicles.
- Parity can be achieved by reinstating the section 30B credit, or allowing FCVs to qualify under section 30D.
- Credits for infrastructure, found in section 30C, should also be reinstated and modified to allow for material handling equipment to qualify.

Historical and projected revenue impact

- Analysis conducted by the Joint Committee on Taxation (JCT) on tax expenditure impact for FY 2016-2020\(^2\) of the 30D Plug-in credit, estimates a cost of $4.4 billion.
- By way of comparison a 2015 JCT score of a five-year reinstatement\(^3\) of 30B and 30C resulted in the following ten-year impact on revenue:
  - Extension section 30B $18 million
  - Extension section 30C $337 million

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\(^2\) Joint Committee on Taxation – January 30, 2017 JCX-3-17 – Estimates of Federal Tax Expenditures for Fiscal Years 2016-2020

\(^3\) Joint Committee on Taxation – May, 2015 – Estimate for Carper-Stabenow Alternative Fuel Credit & Infrastructure Amendment