



Bailout bill includes tax breaks for buyers of plug-in hybrid vehicles

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Associated PressBuyers of the Chevrolet Volt would get a tax break under the economic bailout bill.

Consumers and companies could get massive tax breaks for buying plug-in hybrid cars and trucks if the economic bailout bill clears the House.

The Senate bill passed Wednesday grants businesses up to \$15,000 in tax credits for each plug-in hybrid vehicle they buy. Consumers could get up to \$7,500 for buying smaller plug-ins such as the 2011 Chevrolet Volt.

Traditional hybrid vehicles couple large battery packs and electric motors with gasoline engines to improve fuel efficiency. Plug-ins would use larger batteries so the vehicles could operate more on electricity and less on gas.

Owners would plug the vehicles into wall sockets at night to recharge the batteries.

General Motors said the Volt should be capable of 40 miles of electric-only driving per day before its gas engine kicks in. That's enough for most commuters to make the round trip between work and home.

Makers of hybrid commercial vans say the tax credits could create a market for plug-ins.

Cleveland-based Eaton Corp. already has a few plug-in hybrid vans in test trials with utility companies, said Dimitri Kazarinoff, general manager of emerging technologies for Eaton's truck group.

"The incentive will help to narrow the price premium and help to drive adoption," Kazarinoff said.

Another company, Detroit-based [Azure Dynamics](#), takes Ford E-Series vans from the plant in Avon Lake and converts them into hybrids for delivery companies such as FedEx. Company officials said they could develop a plug-in version of that vehicle if their customers started asking for one.

"We certainly have the capability to build these vehicles," said Azure Chief Technology Officer Ronald Iacobelli. "We would definitely pursue the market."

Batteries powerful enough to handle the demands of a plug-in are in early testing with some companies, and they're expensive.

Battery producers would need larger orders to justify building more batteries. Until battery production increases, prices would remain high, Iacobelli said.

The size of the tax credit would depend on the weight of the vehicle and the size of its batteries. The base credit would be \$2,500 for a plug-in with about double the battery capacity of Azure's Ford hybrid van. The bigger the battery, the higher the credit.

Credits would be capped based on vehicle size. Consumer vehicles such as the Volt would get a maximum of \$7,500. Lighter commercial trucks and vans would get up to \$10,000. The heavy Azure vans could get up to \$12,500.

To get \$15,000, vehicles would have to weigh more than 26,000 pounds, well into the gargantuan commercial vehicle range. It would also have to have a nearly 1,000-pound battery pack - large enough to power the average home in Northeast Ohio for a day.

Even with massive batteries, the commercial vehicles would have very limited ranges. But Kazarinoff said going electric could provide other benefits.

Utility company bucket trucks, for example, tend to leave their engines running on job sites to power the hydraulic systems that run the bucket arms. Eaton's plug-in system can charge the hydraulics from the battery, so crews could shut off the truck's diesel engine.

That saves about 85 percent of the fuel consumption on the work site, he said.