

FACT SHEET: President Obama's Plan to Make the U.S. the First Country to Put 1 Million Advanced Technology Vehicles on the Road

In 2008, the President set an ambitious goal of putting 1 million advanced technology vehicles on the road by 2015 – which would reduce dependence on foreign oil and lead to a reduction in oil consumption of about 750 million barrels through 2030. To reach that goal, President Obama will propose in his Budget a new effort to win the future by supporting advanced technology vehicle manufacturing and adoption in the U.S. through new consumer rebates, investments in R&D, and competitive programs to encourage communities that invest in advanced technology vehicle infrastructure.

- **Making electric vehicles more affordable with a rebate up to \$7,500:** The President is proposing to transform the existing \$7,500 tax credit for electric vehicles into a rebate that will be available to all consumers immediately at the point of sale.
- **Advancing innovative technologies through new R&D investments:** Building on Recovery Act investments, the President's Budget proposes enhanced R&D investments in electric drive, batteries, and energy storage technologies.
- **Rewarding communities that invest in electric vehicle infrastructure through competitive grants:** To provide an incentive for communities to invest in EV infrastructure and remove regulatory barriers, the President is proposing a new initiative that will provide grants to up to 30 communities that are prioritizing advanced technology vehicle deployment. This approach builds on bipartisan ideas and proposals.

The President's New Initiatives to Support Advanced Technology Vehicles

The President's Budget proposes to make the United States the world's leader in manufacturing and deploying next-generation vehicle technologies through three new initiatives, expanding funding for vehicle technologies by almost 90 percent to nearly \$590 million and enhancing existing tax incentives:

- **Making electric vehicles more affordable and accessible for American consumers:** A transformation of the existing \$7,500 tax credit into a rebate will give consumers the ability to receive this benefit at the point of sale, similar to "Cash for Clunkers". The current individual credit will be reformed into a tax credit claimable by dealers

or financiers with clear transparency requirements to ensure the benefit of the credit is passed on to consumers.

- **Advancing innovative vehicle and battery technologies through increased R&D:** Increased investments in R&D will be critical to the deployment of new technology. ARRA and prior year investments are already making progress on advanced technology vehicles through research initiatives like an ARPA-E grant to develop a battery that will go 300 miles on a single charge. This year's Budget will significantly broaden R&D investments in technologies like batteries and electric drives – including an over 30% increase in support for vehicle technology R&D and a new Energy Innovation Hub devoted to improving batteries and energy storage for vehicles and beyond.
- **Rewarding communities for leadership in reducing regulatory barriers and developing comprehensive electric vehicle-friendly infrastructure:** The Department of Energy is beginning a competitive program to help communities across the country become early adopters of electric vehicles through regulatory streamlining, infrastructure investments, vehicle fleet conversions, deployment of EV incentives (e.g., parking, HOV access) partnerships with major employers/retailers, and workforce training. The FY 2012 Budget will expand this initiative so that that up to 30 communities across the country would receive grants of up to \$10 million each on the basis of their ability to demonstrate concrete reforms and use the funds to help catalyze electric vehicle deployment.

Building on Progress

The Administration has taken aggressive steps to reduce dependence on foreign oil, including strong fuel economy standards for cars and trucks, and significant investment in biofuels. This initiative builds on that commitment, and on our significant investments in vehicle technology, to-date.

Recovery Act investments that have already transformed the advanced vehicle industry in the U.S.: ARRA included \$2.4 billion for battery and electric drive component manufacturing, and for electric drive demonstration and infrastructure – investments that are already transforming the advanced vehicle batteries industry in the US.

- **Recovery Act investments have significantly increased U.S. manufacturing capability for advanced technology vehicle batteries:** In 2009, the U.S. had only two factories manufacturing advanced vehicle batteries that power advanced technology vehicles and produced less than two percent of the world's advanced batteries.

- **Recovery Act investments will help cut battery costs in half, and make the U.S. a global leader in advanced battery production:** As a result, in just the next few years, battery costs are expected to drop by half (2009-2013), the United States will be able to produce enough batteries and components to support 500,000 plug-in and hybrid vehicles and will have the capacity to produce 40 percent of the world's advanced batteries (2015). The Recovery Act is also supporting the deployment of infrastructure for advanced technology vehicles.
- **Upgrading the Federal Fleet:** GSA is preparing an initial purchase of 100 plug-in hybrid electric vehicles that are anticipated to be delivered in 2011 together with more than 40,000 alternative-fueled and fuel-efficient vehicles that will replace aging and less-efficient sedans, trucks, tankers, and wreckers for Federal agencies across the country. GSA's investments in cleaner vehicle technologies help to spur growth in the emerging domestic plug-in hybrid electric vehicle market.

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