



By JIM MOTAVALLI / MONEYWATCH / September 23, 2010, 1:34 PM

Congressional Dysfunction Likely to Kill an EV Subsidy Everyone Likes

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One of the federal provisions easing the introduction of electric cars in the marketplace is **an income tax credit for homeowners and business** covering 50 percent of the installation of an EV charging station (up to \$2,000). It's a really useful way to minimize the pain of putting in costly infrastructure, but it's set to expire Dec. 31, and despite overwhelming bipartisan support in both houses of Congress, it could well die without reauthorization.

That's crazy, and it's typical of politically motivated congressional dysfunction right now, especially as the chambers debate extending the Bush-era tax cuts. I talked to **Jay Friedland**, legislative director of **Plug In America**, and he described three possible scenarios, none of them particularly encouraging, for **what might happen in a November lame-duck session**.

The infrastructure bill that contains the charger subsidy is likely to be "held hostage" to the reauthorization of the tax cuts, Friedland said. If the tax cuts are authorized, **President Obama** is likely to veto them anyway. Horse trading (getting one additional Republican vote) could help pass the Democratic version of the bill, which might mean a glimmer of hope for the subsidy.

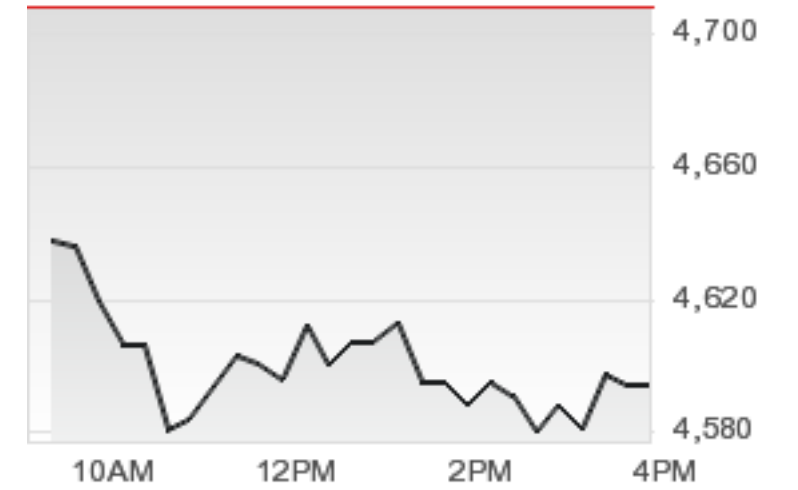
A very likely outcome, though, is total quicksand, with nothing new authorized. And this despite the fact that the auto companies want the credit reauthorized, environmentalists want it, the Democrats and Republicans for the most part want it, and corporate America wants it, too. "It's an absolute mess, and you can quote me on that," said Friedland.

One main reason this is bad policy-making is that venture capitalists and corporations **can't plan when government support for cleantech is so uncertain**. **Lise Dondy**, president of the **Connecticut Clean Energy Fund**, describes Congress' failure to renew this and other important renewable energy subsidies as "nuts." The muddy climate "is anathema to investors, who need to have a long-

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Symbol	Last	Change	% Change
DOW	17,140.24	-260.51	-1.50%
NASDAQ	4,594.44	-113.54	-2.41%
S&P 500	2,000.54	-36.87	-1.81%

term, consistent policy. You can't authorize these subsidies for just two years, because it takes longer than that to build a company or bring a product to market."

The Empty Chamber. That's what **George Packer** titled his devastating analysis of Senate dysfunction in *The New Yorker*. "Like investment bankers on Wall Street, senators these days direct much of their creative energy toward the manipulation of arcane rules and loopholes, scoring short-term successes while magnifying their institution's broader dysfunction," he wrote.

Nobody's happy about this, including automakers. According to **Charles Territo**, a spokesman for the powerful **Alliance of Automobile Manufacturers**, "The Alliance strongly supports the extension of the tax credit. It is important that we have a coordinated EV policy that not only addresses vehicles but also charging infrastructure."

Reauthorizing this bill has made bedfellows of former antagonists. According to **Dan Becker**, director of the safe climate campaign at the **Center for Auto Safety** and a frequent critic of the Big Three, "It is colossally dumb to allow the \$2,000 tax credit for home-charging stations to expire while continuing to pump billions into subsidizing BP and Exxon and after bailing out GM to the tune of over \$50 billion."


So let's watch what happens to this flyspeck of a bill as it gets caught up in a heated political season. If it falls by the wayside, we all lose.

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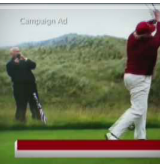
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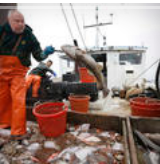
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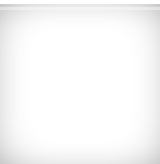
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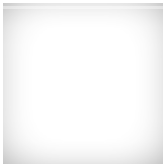
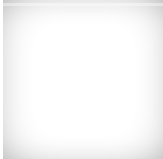


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XOM	88.86	-0.53	-0.59%

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