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FISCAL IMPACT REPORT

SPONSOR Hochman-Vigil/Gurrola
LAST UPDATED 1/23/24
ORIGINAL DATE 1/22/24
SHORT TITLE Clean Car Income Tax Credit
BILL NUMBER House Bill 140
ANALYST Faubion

REVENUE* (dollars in thousands)

Type	FY24	FY25	FY26	FY27	FY28	Recurring or Nonrecurring	Fund Affected
PIT/CIT		(\$27,000.0)	(\$41,000.0)	(\$45,000.0)	(\$45,000.0) to (\$51,000.0)	Recurring	General Fund

Parentheses () indicate revenue decreases.
 *Amounts reflect most recent analysis of this legislation.

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

Agency/Program	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
EMNRD Startup		\$55.0		\$55.0	Nonrecurring	General Fund
EMNRD Operating		\$86.3	\$86.3	\$172.6	Recurring	General Fund
TRD		\$320.0		\$320.0	Nonrecurring	General Fund
Total		\$461.3	\$86.3	\$547.6	Recurring/Nonrecurring	General Fund

Parentheses () indicate expenditure decreases.
 *Amounts reflect most recent analysis of this legislation.

Conflicts with Senate Bill 8

Sources of Information

LFC Files
NMDOT Electric Vehicle Forecast

Agency Analysis Received From
 New Mexico Attorney General (NMAG)
 Energy, Minerals and Natural Resources Department (EMNRD)
 Environment Department (NMED)
 Taxation and Revenue Department (TRD)

Agency Analysis was Solicited but Not Received From
 Department of Transportation (NMDOT)

SUMMARY

Synopsis of House Bill 140

House Bill 140 (HB140) creates two new refundable personal and corporate income tax credits for a six-year period beginning in tax year 2024 through tax year 2029. First, the bill creates the refundable electric vehicle income tax credit for each electric vehicle (EV) purchase and second, creates an electric vehicle charging unit income tax credit to cover the cost of purchasing and installing an electric vehicle charging unit. The credit amounts for each year is as follows:

Tax Year	2024 - 2026	2027	2028	2029
New electric vehicle	\$3,000	\$2,220	\$1,470	\$960
New plug-in hybrid electric vehicle or fuel cell vehicle	\$2,000	\$1,480	\$980	\$640
Previously owned electric vehicle	\$1,500	\$1,110	\$735	\$480
Previously owned plug-in hybrid electric vehicle or fuel cell vehicle	\$1,000	\$740	\$490	\$320
Direct Current Fast Charger or Fuel Cell Charging Unit	Lesser of \$25,000 or the cost to purchase and install			
All Other Electric Vehicle Charging Units	Lesser of \$400 or the cost to purchase and install			

New electric vehicles eligible for the electric vehicle income tax credit are only those with a before-tax manufacturer suggested retail price of \$55 thousand or less. Previously owned vehicles with a market value of \$25 thousand or less are eligible.

Taxpayers shall submit information required by EMNRD to claim credit for the purchase of an electric vehicle or for a lease of at least three years. The portion of the electric vehicle income tax credit that exceeds the taxpayer’s tax liability is refundable to the taxpayer.

The applicability of both tax credits begins in tax year 2024 through tax year 2029.

FISCAL IMPLICATIONS

The fiscal impact of this bill is dependent on the forecast of the number of electric vehicles sold in New Mexico in the coming years which has increased dramatically, partially a result of the Advanced Clean Cars and Trucks rule adopted in November of 2023¹. NMDOT estimates have EV sales in New Mexico growing at over 50 percent year-over-year in FY26-FY28.

HB140 defines an electric vehicle to include vehicles that run exclusively on a battery (also called battery electric vehicles or BEVs), those that derive part of their power from electricity stored in a battery which is capable of being recharged from an external source of electricity (also called plug-in hybrid electric vehicles or PHEVs), and those fueled with hydrogen gas (fuel cell electric vehicles or FCEVs). The table below shows the forecasted number of BEVs and PHEV’s for the next several years. NMDOT does not expect any FCEV sales in New Mexico for at least five years.

FISCAL YEAR	BEV	PHEV
2022*	4,382	3,996

¹ <https://www.env.nm.gov/transportation/>

2023*	6,917	5,028
2024	9,966	6,100
2025	13,907	7,465
2026	22,896	10,507
2027	36,681	14,575
2028	57,462	19,933

*Values are stock of all passenger, non-commercial vehicles registered in New Mexico (NM) as of June 30, 2023.

Additionally, this bill allows the private sector to claim a \$25 thousand credit for each direct current (DC) fast charger or fuel cell charging unit installed. The U.S. Joint Office of Energy and Transportation state that private investments in EV charging stations have and will continue to supplement public dollars by filling gaps, serving rural and hard-to-reach locations, and building capacity along corridors and in communities. LFC analysis assumes New Mexico will match national growth projections, growing to over 800 DC stations by 2028. Other investments in the state are publicly funded and not eligible to receive the charging unit credit.

TRD notes the following fiscal impact methodology:

Estimation of the revenue impact of electric vehicles tax credit

The electric vehicle (EV) market in New Mexico is undergoing remarkable growth. Between 2016 and 2022, electric vehicles saw an average year-to-year growth rate of 57 percent, surpassing the national average of 44 percent. Plugged-in hybrids (PHEV) also showed strong growth, with an average year-to-year increase of 38 percent, compared to the national average of 21 percent².

The estimation of the revenue impact of the two types of vehicles proposed in the bill involves separate calculations. These calculations are then aggregated to understand the total revenue impact. TRD assumed that the EV market in New Mexico will continue to thrive for at least the next five years. Additionally, an assumption is made that the year-to-year growth rate will remain constant at 57 percent, which was calculated from the data of the last seven years. Note that we would normally expect to see this growth decline or moderate; the continued 57 percent growth includes the potential stimulative effect on the market of the proposed credits. New Mexico's EV market is still far from reaching maturity. Tax and Rev believe that it will continue its remarkable growth, aided by the tax credit proposed in the bill, for the next five years. The fiscal impact estimation also includes the calculation of the yearly percentage of EVs out of the total number of vehicles in New Mexico. The number of registered vehicles in New Mexico increases by roughly 2 percent annually. With the assumed annual growth rate of 57 percent for electric cars, the market share of EVs is projected to be approximately 7 percent of the total registered vehicles in New Mexico by 2028.

In 2023, Tesla sold 2,698 vehicles in New Mexico, which accounted for approximately 40 percent of the total EVs registered in the state during that year³. Furthermore, in 2023, Tesla vehicles made up 65 percent of all EVs in New Mexico. According to S&P Global Mobility, the number of available EV models in the US is predicted to increase from 48

² Alternative Fuels Data Center: Vehicle Registration Counts by State. <https://afdc.energy.gov/vehicle-registration?year=2020> (accessed 2023-10-30).

³ Tesla Sales by State [Updated May 2023]. <https://worldpopulationreview.com/state-rankings/tesla-sales-by-state> (accessed 2023-11-01).

to 159 by 2025⁴. Multiple reports indicate that Tesla currently dominates the EV market and is expected to further expand its market share in the next decade⁵. TRD assumes that Tesla will continue to increase its market share in New Mexico by 2.5 percent for the next five years.

The plug-in hybrid electric vehicle (PHEV) market has experienced an average growth rate of 26 percent over the past seven years. In 2022⁶, automakers achieved a record-breaking sales figure of 176 thousand PHEVs, a significant increase from 69 thousand in 2020. Despite an overall decrease in the new-car market to 14.4 million from the previous year's 15.3 million, sales of plug-in hybrids are projected to reach 180 thousand in 2023. To assess the fiscal impact of the PHEV tax credit, Tax and Rev have assumed that the number of PHEVs will continue to grow at an annual rate of 26 percent until 2028; this assumption includes the effect on the market of the proposed credits.

After calculating the revenue impact of both types of clean car tax credits, an aggregation was performed to estimate the overall fiscal impact resulting from the clean car credits.

Estimation of the revenue impact of electric vehicles charging unit (EVCU) tax credit

The EV-charging infrastructure market is projected to be worth \$150.2 billion by 2030⁷. Of that \$150.2 billion in global revenue, 72 percent – or \$108.14 billion – will have stemmed exclusively from the DC fast-charging sector⁸. Acquiring DC charging equipment requires a high investment, today on average, somewhere between \$80 thousand and \$180 thousand (excluding installation costs)⁹. In the long run, however, DC fast-charging stations could yield sizeable, long-reaching returns¹⁰. Currently, the EV-charging infrastructure industry is dominated by players with direct experience and expertise in the technology. These include charge point operators (CPOs) and owners, e-mobility service providers (EMSPs)¹¹, original equipment manufacturers (OEMs), and utility and energy companies. TRD has found that the DC-Fast charging market in the United States is exhibiting a robust annual growth rate of 28 percent. TRD has assumed that the DC-Fast charging station in New Mexico will align with the national average growth rate over the course of the next decade. Furthermore, an additional assumption has been made that each year's cohort of newly registered electric vehicle (EV) or plug-in

⁴ Lambert, F. Tesla still owns the US EV market but is losing market share, shows new data. Electrek. <https://electrek.co/2022/11/29/tesla-owns-us-ev-market-but-losing-market-shares-data/> (accessed 2023-11-01).

⁵ Lu, M. Visualizing EV Production in the U.S. by Brand. Visual Capitalist. <https://www.visualcapitalist.com/ev-production-by-brand-united-states/> (accessed 2023-11-02).

⁶ Plug-in hybrids gain ground in the U.S. after losing favor to electric cars. M21. <https://mobility21.cmu.edu/plug-in-hybrids-gain-ground-in-u-s-after-losing-favor-to-electric-cars/> (accessed 2023-11-02).

⁷ EV Charging Infrastructure Market Worth US\$ 150.20 Billion by 2030 | AltEnergyMag. <https://www.altenergymag.com/content.php?post=35378> (accessed 2023-10-31).

⁸ The current state of the DC fast-charging market | EVBox. <https://blog.evbox.com/state-of-dc-market> (accessed 2023-10-31).

⁹ EV fast charging: How to build and sustain competitive differentiation | McKinsey. <https://www.mckinsey.com/industries/automotive-and-assembly/our-insights/ev-fast-charging-how-to-build-and-sustain-competitive-differentiation> (accessed 2023-10-31).

¹⁰ Bouso, R.; Bouso, R. For BP, Car Chargers to Overtake Pumps in Profitability Race. Reuters. January 14, 2022. <https://www.reuters.com/business/energy/bp-car-chargers-overtake-pumps-profitability-race-2022-01-14/> (accessed 2023-10-31).

¹¹ EV fast charging: How to build and sustain competitive differentiation | McKinsey. <https://www.mckinsey.com/industries/automotive-and-assembly/our-insights/ev-fast-charging-how-to-build-and-sustain-competitive-differentiation> (accessed 2023-10-31).

hybrid electric vehicle (PHEV) owners will take advantage of the proposed \$400 tax credit outlined in the bill, specifically intended for the purpose of upgrading or acquiring new home charging units. In other words, the \$400 credit is not being claimed by existing owners in subsequent years.

This bill creates or expands a tax expenditure. Estimating the cost of tax expenditures is difficult. Confidentiality requirements surrounding certain taxpayer information create uncertainty, and analysts must frequently interpret third-party data sources. The statutory criteria for a tax expenditure may be ambiguous, further complicating the initial cost estimate of the expenditure's fiscal impact. Once a tax expenditure has been approved, information constraints continue to create challenges in tracking the real costs (and benefits) of tax expenditures.

This bill creates or expands a tax expenditure with a cost that is difficult to determine but likely significant. LFC has serious concerns about the substantial risk to state revenues from tax expenditures and the increase in revenue volatility from erosion of the revenue base. The committee recommends the bill adhere to the LFC tax expenditure policy principles for vetting, targeting, and reporting or action be postponed until the implications can be more fully studied.

SIGNIFICANT ISSUES

These income tax credits are intended to incentivize the purchase or lease of electric vehicles and electric vehicle charging units.

The Environment Department website summarizes the recent policy and funding EV landscape:

On July 3, 2023, Governor Lujan Grisham announced that the state would move to adopt Advanced Clean Cars and Advanced Clean Trucks rules to further advance New Mexico's goals of ensuring New Mexicans have access to zero-emission vehicles, like electric cars, qualified plug-in vehicles, and hydrogen trucks. Zero-emission vehicles fight climate change and improve local air quality. Unlike gasoline and diesel fuels, electric cars and hydrogen truck fueling stations will not pollute groundwater throughout our state.

Fossil fuel-powered transportation in New Mexico contributes to air pollution and greenhouse gas emissions in our state. After the extraction and production of oil and gas, fossil-fuel transportation represents the second largest source of greenhouse gas emissions.

After a 4-day joint public hearing, multiple stakeholder meetings, and three public meetings, the New Mexico Environmental Improvement Board (EIB) and the Albuquerque-Bernalillo County Air Quality Control Board (AQCB) voted to adopt the Clean Cars and Clean Trucks rule on November 16, 2023.

Starting in calendar year 2026, 43 percent of all new passenger cars and light-duty trucks shipped to New Mexico auto dealerships by national auto manufacturers must be zero emission vehicles. Similarly, beginning in calendar year 2026, 15 percent of all new commercial heavy-duty trucks shipped to New Mexico auto dealerships by national auto manufacturers must be zero emission vehicles. These percentages gradually increase over time.

New Mexico has invested over \$11.5 million in electric vehicle charging stations from State and federal funding sources and received an additional \$38 million in U.S. Department of Transportation federal grants. Starting in January 2024, New Mexicans who purchase a qualifying new or used electric vehicle will enjoy immediate savings of up to \$7,500 at the point of sale. This federal change eliminates the need to wait until tax return season to receive the federal tax credit.

While federal funding has largely concentrated on electric vehicle chargers along heavily trafficked interstate corridors, the administration will request \$55 million this legislative session to build out a state-wide network for charging stations to improve infrastructure in rural New Mexico.

EMNRD notes the following:

The transportation sector is the second-largest contributor to New Mexico’s greenhouse gas emissions. Decarbonizing this sector has positive benefits on both limiting the impacts of climate change and improving the everyday life of New Mexicans by reducing exposure to volatile organic chemicals and other air pollution from the tailpipes of internal combustion-powered vehicles. HB140 targets the replacement of these internal combustion-powered vehicles with incentives to purchase or lease a variety of “clean cars” – electric vehicles, plug-in hybrid electric vehicles, and fuel cell-powered vehicles, all of which appeal to different demographics and usage patterns.

Given that many clean car options currently come with a higher up-front price tag compared to traditional gas or diesel vehicles, the proposed tax credits in HB140 could serve as a valuable incentive, likely resulting in increased EV, PHEV, and fuel cell vehicle purchases across the state. Once purchased, clean cars are cheaper to own and maintain, resulting in significant benefit to car owners, especially low-income New Mexicans.

HB140 aims to make clean cars more accessible to all New Mexicans by offering tax credits to offset the price of both new *and used* vehicles, offering a credit for leased vehicles, and by including a MSRP cap on qualifying vehicles. Both of these measures direct government support to low- and middle-income families, who are not purchasing luxury or expensive alternative fuel vehicles. HB140 broadens the audience who will be able to benefit from clean cars in New Mexico.

Finally, EMNRD notes the importance of including charging unit credits in HB140. The majority of EV and PHEV charging takes place at home, and the \$400 credit against the cost of a residential charging unit, which can be combined with utility rebates and federal tax incentives, nearly zeroes out the purchase price of a standard Level 2 home charger. HB140 also includes credits to incentivize commercial charging, helping the private sector expand availability of chargers statewide. The commercial credit covers both DC Fast Chargers and hydrogen fuel cell charging stations, which will support the decarbonization of the heavy trucking industry.

The Environment Department notes the following:

These tax credits incentivize the purchase or lease of electric and plug-in hybrid vehicles. Transportation, including passenger vehicles are the second highest emitter of nitrogen oxides and greenhouse gases in New Mexico. Clean vehicles reduce emissions of air

pollutants and greenhouse gases from driving. If 82 percent of new vehicle sales are electric vehicles and plug-in hybrid vehicles by 2032, as required under the New Motor Vehicle Emission Standards (20.2.91 NMAC), emissions of nitrogen oxides will be reduced by 43 percent in 2050, and emissions of greenhouse gases will be reduced by 64 percent in 2050.

Improving air quality in New Mexico is required under state and federal law to improve public health. When electric vehicles and plug-in hybrid vehicles reach 82 percent of sales by 2032, New Mexico will avoid at least 27.5 million dollars of health impacts in 2050 alone. This will assist in avoiding federal sanctions under the Clean Air Act while reducing health impacts and associated costs.

This tax credit would support New Mexicans purchasing electric and plug-in hybrid vehicles, which may have a higher initial cost, but a lower cost of ownership over their lifetime of use. An electric vehicle owner saves \$7,383 over 10 years of vehicle ownership. HB140 will support New Mexicans in purchasing the annually increasing number of new electric vehicles and plug-in hybrid clean vehicles that will be delivered to New Mexico under recently adopted New Motor Vehicle Emission Standards.

TRD notes the following:

Executive Order 2019-003, titled "Addressing Climate Change and Energy Waste Reduction," was issued by Gov. Michelle Lujan Grisham on January 29, 2019. The order focuses on addressing climate change, promoting renewable energy, and reducing energy waste in the state of New Mexico. The key provisions of Executive Order 2019-003 include:

1. Climate Change Task Force: The order establishes a Climate Change Task Force to develop recommendations and strategies for mitigating climate change impacts in New Mexico. The task force consists of various state agency representatives, experts, and stakeholders who collaborate to develop policies and initiatives.
2. Renewable Energy Portfolio Standards: The order directs the New Mexico Energy, Minerals, and Natural Resources Department to propose an increase in the state's renewable energy portfolio standards (RPS). The RPS mandates that a certain percentage of electricity consumed in the state comes from renewable sources such as wind, solar, and geothermal energy.
3. Methane Emissions Reduction: The order calls for the development and implementation of regulations to reduce methane emissions from oil and gas operations in New Mexico. It aims to address methane leakage, a potent greenhouse gas, and promote responsible energy production.
4. Energy Efficiency and Conservation: The order emphasizes the importance of energy efficiency and conservation measures. It directs state agencies to prioritize energy efficiency projects, reduce energy waste, and promote energy-saving practices in government buildings and operations.
5. Clean Energy Innovation Fund: The order establishes the Clean Energy Innovation Fund to support research, development, and commercialization of clean energy technologies in New Mexico. The fund aims to accelerate the transition to a clean energy economy and attract investment in renewable energy projects.

Executive Order 2019-003 demonstrates Gov. Michelle Lujan Grisham's commitment to addressing climate change, promoting renewable energy, and reducing energy waste in New Mexico. The order establishes various initiatives and task forces to develop strategies and regulations that align with these objectives.

Executive Order 2019-003's focus on addressing climate change and promoting renewable energy aligns with the positive impact of using clean cars. Clean cars have the potential to contribute significantly to reducing greenhouse gas emissions and improving air quality. Specifically:

1. **Climate Change Mitigation:** By prioritizing measures to mitigate climate change, the executive order supports the adoption of electric vehicles. EVs produce zero tailpipe emissions, reducing the carbon footprint associated with transportation. By transitioning from internal combustion engine vehicles to electric vehicles, New Mexico can reduce its overall greenhouse gas emissions and contribute to global efforts to combat climate change.
2. **Renewable Energy Promotion:** The executive order emphasizes the promotion of renewable energy sources, such as wind and solar power. Electric vehicles can act as a key component of renewable energy integration, as they can be charged using electricity generated from renewable sources. By encouraging the adoption of electric vehicles alongside renewable energy development, New Mexico can create a more sustainable transportation sector.
3. **Air Quality Improvement:** Electric vehicles produce zero tailpipe emissions, meaning they do not contribute to local air pollution. This aligns with the executive order's aim to reduce energy waste and promote clean energy technologies. By increasing the adoption of electric vehicles, New Mexico can improve air quality and public health by reducing harmful pollutants emitted from traditional gasoline-powered vehicles.
4. **Energy Efficiency:** The executive order emphasizes energy efficiency and conservation. Electric vehicles are generally more energy-efficient compared to internal combustion engine vehicles. EVs convert a higher percentage of the energy stored in their batteries into actual movement, resulting in reduced energy waste. By encouraging the use of electric vehicles, New Mexico can contribute to energy efficiency goals outlined in the executive order.

PERFORMANCE IMPLICATIONS

EMNRD notes the following:

If the executive budget recommendation of \$500 thousand is provided to EMNRD to administer the program established in HB140, there will be no performance implications for the agency. If it is not, EMNRD will not be able to effectively implement this new tax credit in a timely manner.

The LFC tax policy of accountability is met because TRD is required to report the usage and cost of the credit annually in the Tax Expenditure Report.

ADMINISTRATIVE IMPLICATIONS

The Energy, Minerals, and Natural Resources Department notes the following:

HB140 tasks EMNRD with certifying both the vehicle tax credits and the charging unit tax credits but does not contain an appropriation for the staff and IT resources for EMNRD which will be necessary to administer the program. The executive budget recommendation provided \$500 thousand to support the implementation of the Clean Vehicle Income Tax Credit, but the Legislative Finance Committee did not include that funding in their recommended budget.

EMNRD estimates that, at a minimum, \$86,300 in recurring funding would be necessary to hire one (1) FTE to develop rules for the program, administer it, and evaluate certification applications – that is, to effectively provide system reviews, certify vehicles and chargers for tax credit eligibility, collect data, and maintain a database of certifications. A further FTE at another \$86,300 annually would meaningfully contribute to speedy and simple processing of credits.

In addition, EMNRD would require \$30 thousand in one-time IT, legal, and administrative expenditures to develop an electronic submission process for the applications and shepherd the new rule through the rulemaking process, and an additional \$25 thousand in one-time funding to develop marketing and outreach materials to educate the public about the credit, its rules, and its availability. The executive budget recommendation would cover these initial costs.

The Taxation and Revenue Department notes the following:

TRD will make updates to forms, instructions, and publications. These changes will be included in the annual tax year changes. TRD’s Administrative Services Division (ASD) will test credit sourcing and perform other systems testing. It is anticipated this work will take approximately 160 hours split between 2 Full-Time Equivalent (FTE) of a pay band 70 and a pay band 80 at a cost of approximately \$12 thousand.

Implementing this bill would significantly impact TRD’s Information Technology Department (ITD), requiring approximately 1,400 hours of work, which is equivalent to about 9 months. Additionally, it is estimated that the contractual costs associated with this implementation would amount to approximately \$308 thousand.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

House Bill 140 conflicts with Senate Bill 8 which proposes different electric vehicle and charging unit tax credits. EMNRD provided the following comparison:

Item	SB8	HB140
Sunset date	2030	2030
EV Credit	\$3250	\$3,000 (steps down to \$2,220 in 2027; \$960 in 2029)
PHEV Credit	None	\$2000 (steps down to \$1,480 in 2027, \$640 in 2029)
Fuel Cell Tax Credit	None	\$2000 (steps down to \$1,480 in 2027, \$640 in 2029)
Used Vehicle Credits	None	½ of new vehicle credits
Aggregate EV Credit Cap	\$10 million	None
Max Vehicle Value	\$55k	\$55k (\$25k for used)
Eligibility	Individuals and partnerships	Individuals, partnerships, and corporations
Residential Charger Tax Credit	\$300	\$400
Commercial Chargers	None	Up to \$25,000 for DCFC/Hydrogen

		Fueling
Aggregate Charger Cap	\$1 million	None
Registration Fees	\$120/EV; \$60/PHEV	None

OTHER SUBSTANTIVE ISSUES

In assessing all tax legislation, LFC staff considers whether the proposal is aligned with committee-adopted tax policy principles. Those five principles:

- **Adequacy:** Revenue should be adequate to fund needed government services.
- **Efficiency:** Tax base should be as broad as possible and avoid excess reliance on one tax.
- **Equity:** Different taxpayers should be treated fairly.
- **Simplicity:** Collection should be simple and easily understood.
- **Accountability:** Preferences should be easy to monitor and evaluate.

In addition, staff reviews whether the bill meets principles specific to tax expenditures. Those policies and how this bill addresses those issues:

Tax Expenditure Policy Principle	Met?	Comments
Vetted: The proposed new or expanded tax expenditure was vetted through interim legislative committees, such as LFC and the Revenue Stabilization and Tax Policy Committee, to review fiscal, legal, and general policy parameters.	✘	This bill was not heard at any interim committees.
Targeted: The tax expenditure has a clearly stated purpose, long-term goals, and measurable annual targets designed to mark progress toward the goals. Clearly stated purpose Long-term goals Measurable targets	✘	The bill does not contain a purpose statement or any stated long-term goals or targets.
Transparent: The tax expenditure requires at least annual reporting by the recipients, the Taxation and Revenue Department, and other relevant agencies	✔	The credits will be reported in the Tax Expenditure Report.
Accountable: The required reporting allows for analysis by members of the public to determine progress toward annual targets and determination of effectiveness and efficiency. The tax expenditure is set to expire unless legislative action is taken to review the tax expenditure and extend the expiration date. Public analysis Expiration date	✔	There is a sunset on the credits. The credits will be reported in the Tax Expenditure Report.
Effective: The tax expenditure fulfills the stated purpose. If the tax expenditure is designed to alter behavior – for example, economic development incentives intended to increase economic growth – there are indicators the recipients would not have performed the desired actions “but for” the existence of the tax expenditure. Fulfills stated purpose Passes “but for” test	?	There is no stated purpose by which to measure the effectiveness or efficiency.
Efficient: The tax expenditure is the most cost-effective way to achieve the desired results.	?	

Key: ✔ Met ✘ Not Met ? Unclear

JF/ne/ss/al/rl