

Thursday, October 15, 2009

Have You Seen an Electric Car?

Electric cars are not widely available yet, but they are coming soon. Although some may be expensive to begin with, affordable cars are being designed and tested for production here in the United States. One I read about would drive 110 miles on a charge, will go 65 mph, and it would cost \$25,000. Although they have their shortfalls, electric cars will be popular as oil costs rise.

To encourage consumers to demand electric cars, we have tax laws that will provide credits of \$2,500 to \$7,500 (\$15,000 for heavy trucks) when you purchase a plug-in electric vehicle. The battery capacity will determine how much credit the buyer will receive. (A 4-kilowatt hour battery will qualify for a \$2,500 credit, and each additional kilowatt will qualify the buyer for an additional \$417 credit. Thus a 16-kilowatt battery will provide the maximum credit of \$7,500 for light-duty vehicles. For vehicles over 26,000 lbs, the overall credit can be as much as \$15,000.)

In addition, the current credit is to be phased out after 250,000 plug-in electric vehicles have been sold. I guess this is to give us incentive to buy early.