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Polaris Industries, Inc.

Corporate Headquarters

Medina Minnesota

Performance Based Tax Credit for Vehicle and Vehicle-related Technology.

Rewards: reduction in CO_2 and other emissions and increases in fuel economy.

New tax credit that rewards both reduction of greenhouse gases emitted by vehicles, and increases in fuel economy-- beyond industry standards (in this case CAFÉ standards). This credit replaces technology-based credits that reward certain paths to achieve these goals and instead rewards the successful ability to reach the goals on a performance basis.

Congress believes that it is good public policy to continue to provide incentives to purchasers of any vehicles and/or devices, or vehicles with devices that further America's environmental and energy independence goals by reducing gasoline consumption. The standards by which we measure fuel economy are known as CAFÉ standards. Additionally, the substantial reduction of particulate matter emitted are also eligible categories for receive the credit. In order to incentivize and encourage American businesses to exceed those standards, the following tax incentives, in the form of credits per unit are put in place for the purchasers of these technologies:

New Credit Parameters

Consumer tax credits per unit, for the purchase of any vehicle or device that enables a reduction of the following criteria pollutants, CO_2, **<u>or increase in the MPG/MPGe by a vehicle:</u>**

Proposed Framework for Vehicle Tax Credits			
	10% Tax Credit	**20% Tax Credit**	**30% Tax Credit**
Criteria Pollutants (g/mi)	eg: PM=0, Evap = 0, NMOG = 0	eg: ILEV	N/A
CO2(tailpipe)	130g/mi	90g/mi	0g/mi
MPG/MPGe	75	100	150
Possible max cap	$2,500	$7,500	$10,000
Likely Classes of Vehicles	Ultra-efficient or very, very low emission gas/diesel cars & light trucks	Natural Gas Vehicles, Plug-in Hybrid Vehicles, CNG Conversion equip.	Full Battery Electric Vehicles, Fuel Cell Vehicles, EV Conversions

<u>Explanation of Provision</u>

The provision is designed to include any transportation innovations on the vehicle side (i.e. vehicles themselves, devices that go on engines, or tailpipes, special engines or parts of engines) that enable a vehicle of two wheels or more to experience individual reductions in criteria pollutants (eg: particulate matter and gases by thresholds above industry and/ or government standards (CAFÉ standards, MPG and emissions of CO_2 in particular). The credit amount per unit for the consumer will be based on the percentage of reduction achieved beyond industry or agency standards/goals. The new credit provides the same incentives as certain existing credits and expires for vehicles or devices acquired on or before December 31, 2016. And can be capped at the number of units sold per company, per industry, per device, etc.

The goal is to incentivize a wide range of technologies which are driving major reductions in pollution or dramatically increasing fuel efficiency, including devices, equipment that modify a vehicle into these levels (eg: CNG conversions, EV conversions) as well as OEM vehicles such as plug-in hybrids, natural gas vehicles, full battery electric vehicles, fuel cell electric vehicles, but not vehicles which simply meet standards like CA SULEV (eg, conventional hybrids).