Clark Hill

Legal, Tax and Infrastructure Requirements for Fleet EV Charging

March 29, 2023

Today's Panel

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Section 30C Alternative Fuel Vehicle Refueling Property Credit

What is the amount of the credit?

- **Base Credit:** 6% in the case of charging stations subject to depreciation
- **Maximum Credit Percentage:** 30% if
  - Project construction began before January 29, 2023, OR
  - Project meets the *prevailing wage and apprenticeship requirements*
- **Maximum Credit Amount:** $100,000 per charging station (previously $30,000 per project)
- Any credit calculated can be **transferred by for-profit entities** or **refundable for tax exempt organizations**, state or political subdivisions, the Tennessee Valley Authority, Indian tribal governments, any Alaska Native Corporation, or any corporation operating on a cooperative basisi which is furnishing electric energy to persons in rural areas

What about charging stations used by tax-exempt entities?

- Special rules for tax-exempt use property
  - It must be used by a tax-exempt organization other than a §521 cooperative
  - It must not be used predominantly in an unrelated trade or business subject to the §511 unrelated business income tax
  - It must not be leased by the organization
- The person who sold the property to the entity using it is treated as the taxpayer that placed it in service, but only if that *person clearly discloses to the user, in a written document, the amount of any allowable alternative fuel vehicle refueling property credit for the property*
- *Property which meets these requirements will be deemed as subject to the allowance for depreciation*

What are the prevailing wage and apprenticeship requirements?

- **Prevailing Wage:**
  - A taxpayer must ensure that any laborers and mechanics employed by the taxpayer or any contractor or subcontractor in the construction of any charging station which is part of such project is paid wages at rates not less than the prevailing rates for construction, alteration, or repair of a similar character in the ***locality in which such project is located*** and
  - maintain and preserve sufficient records, including books of account or records for work performed by contractors or subcontractors of the taxpayer
- **Apprenticeship Requirement:**
  - Satisfy the apprenticeship labor hour requirements, (12.5% for construction in 2023) subject to any *applicable apprenticeship ratio requirements*
  - Satisfy the *apprenticeship participation requirements* and
  - Comply with the general recordkeeping requirements including maintaining books of account or records for the taxpayer's contractors or subcontractors

What is qualified alternative fuel vehicle recharging property?

1. Generally, must be depreciable property
2. Original use begins with the taxpayer
3. The recharging of motor vehicles propelled by electricity or storage/dispensing of a clean-burning fuel
4. Must not be property used predominantly outside the United States
5. Placed in service on or before December 31, 2032
6. Must be placed in service in a population census tract which is a ***low-income community*** or in a population census tract which is ***not an urban area***
    - ***Bidirectional Charging Equipment Allowed***
    - ***A building or a buildings structural components are NOT included in the basis when determining the charging station credit*** (e.g.. costs related to the acquisition of land on which the refueling property is located and expenses for permits, legal fees, project management, or engineering to the extent such expenses are related to the land)

Infrastructure Requirements

MAXARI EV – COMPANY OVERVIEW

Mission – Refocus the supply chain to American made products.
VISION – To be the preeminent supplier of quality, fit-for-purpose and competitively priced energy supplies and services for government and commercial clients around the world.

- Provide *EV Installation* and *Maintenance* Services throughout Texas and Gulf Coast.
- Approved by Texas DOT to provide EV Charging Services for NEVI.
- Headquartered in Austin, TX and offices in Houston and Dallas.
- Strategic partnerships with major EV charging & component manufacturers and electrical firms.

PRE AND POST INSTALLATION CHALLENGES

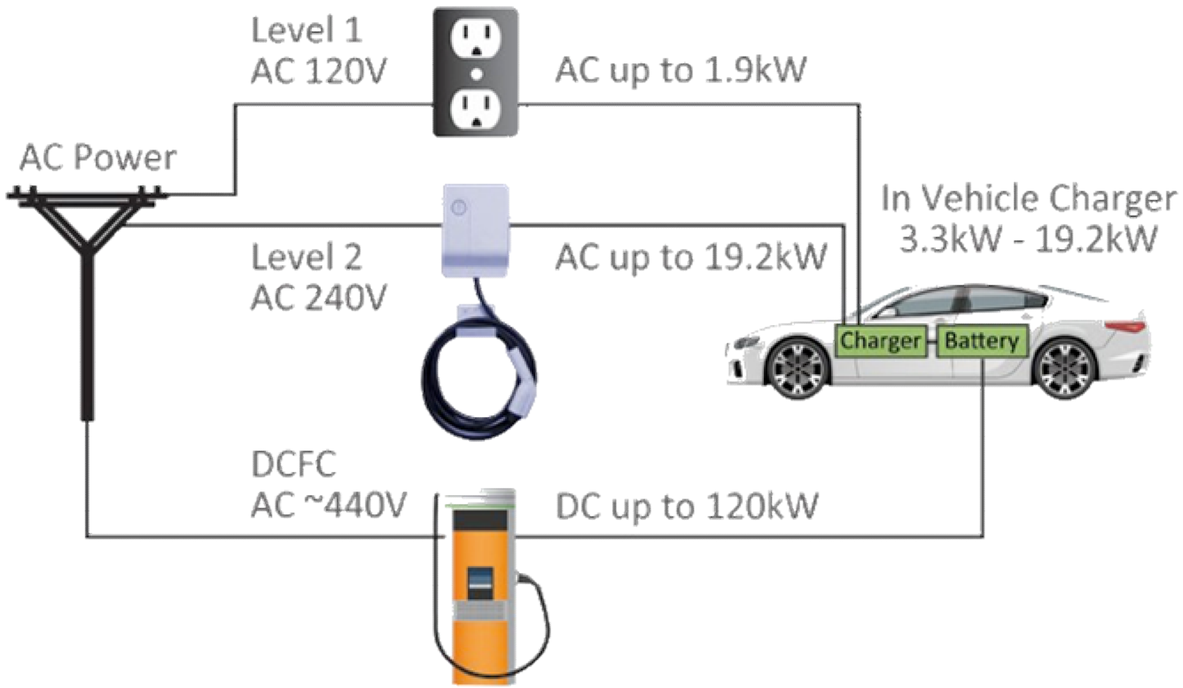
- Lack of historical data to install and/or procure fit-for-purpose and cost-effective EV charging stations.
- No SOPs to operate and maintain EV charging stations.
- Electrical readiness not in place and requires costly infrastructure upgrades.
- Clients rely on charging manufacturers to determine requirements and installation. Leads to cost inflation, upselling, unreal uptime numbers and lack of transparency.
- Rampant charger down-time with 6+ weeks for crews to fix.
- Software and payment processing malfunctions leads to poor user experience.

September 16, 2022 photo: Broken EV charger for 4+ months at North Austin City Library

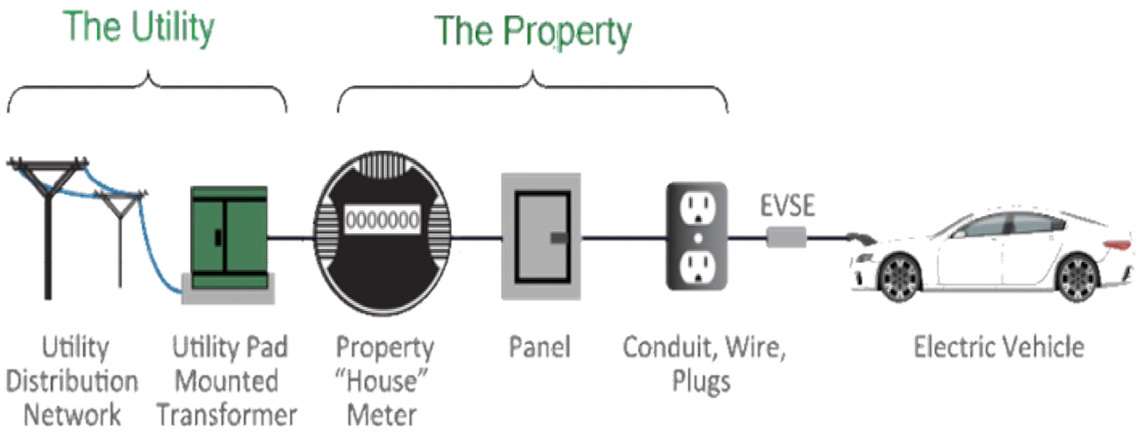
The EV Charging Buildout Has a Problem: Many Stations Don't Work; Bloomberg; August 2022
A Frustrating Hassle Holding Electric Cars Back: Broken Chargers; NY Times; October 2022
Electric vehicle owners are fed up with broken EV chargers and janky software; The Verge; November 2022

GRID TO EV

Power Flow | Grid to EV



Electric Vehicle Service Equipment



Source: Low Power EV Charging

CONSTRUCTION | INSTALLATION

1. Trades

- **Civil**: Site clearance, trenching, ADA compliance, restoration.
- **Electrical**: Site survey, wiring calculations and diagrams, designing/running conduit, transformer installation, JHAs.
- **EV Specialists**: Network setup (wifi, 3G/4G), load management, software, payment processing.

2. Initiation Phase

- Permitting – start early.
- Network and cybersecurity needs.
- Location and Accessibility.
- Futureproofing.


Demolition Notice

A permit application to demolish the structure(s) at:

has been received by the Development Services Department (DSD), City of Austin.

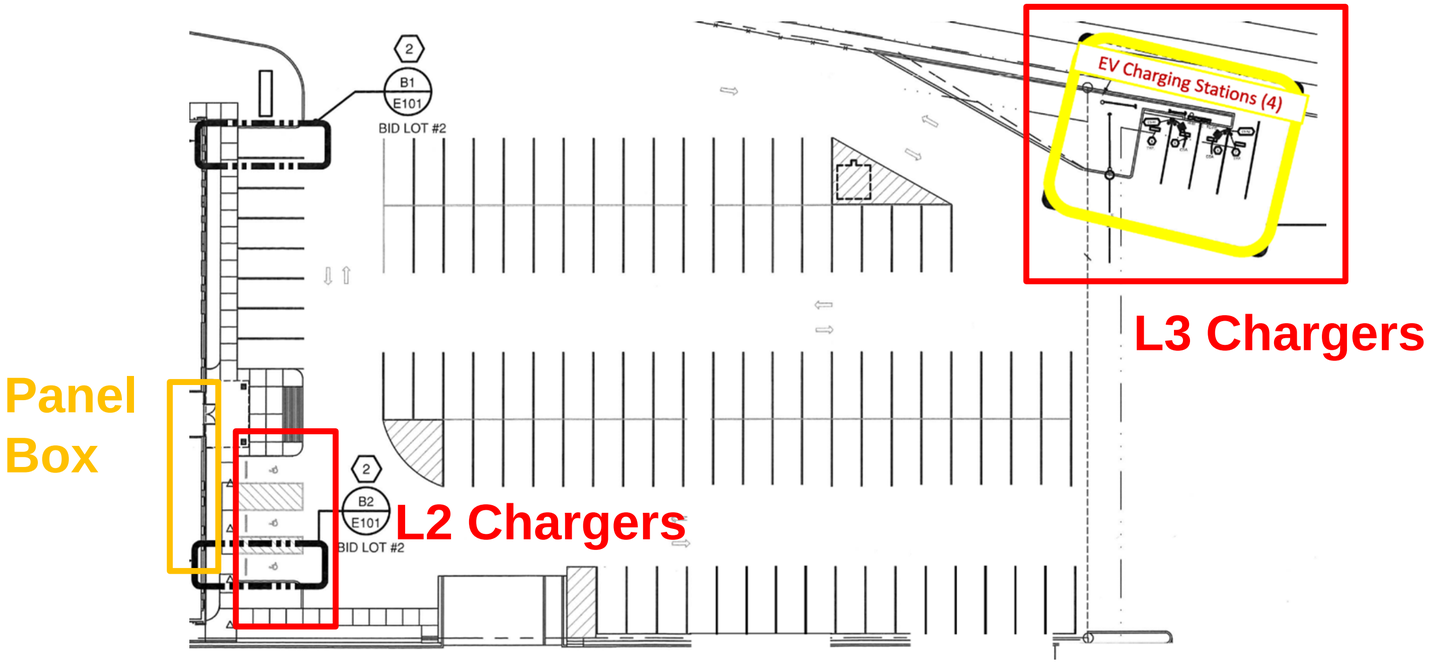
PERMIT NO.:

Approximate date demolition activity will begin:

Demolition Contractor:

Permit Applicant:

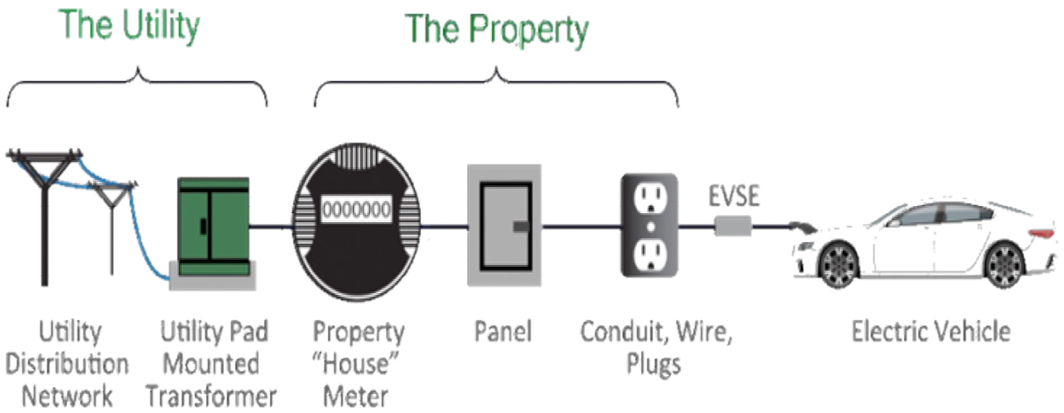
HELPFUL CONTACTS/ CONTACTOS ÚTILES:



CONSTRUCTION | INSTALLATION

3. Electrical Readiness

- Site assessments.
- Interfacing with utilities.
- Electrical panels.
- Transformers.



4. Procurement Phase

- Hardware: stations, power supply, cables/connectors, communication, safety.
- Software: Charge, network, billing, data analytics, energy management.

5. Construction Phase

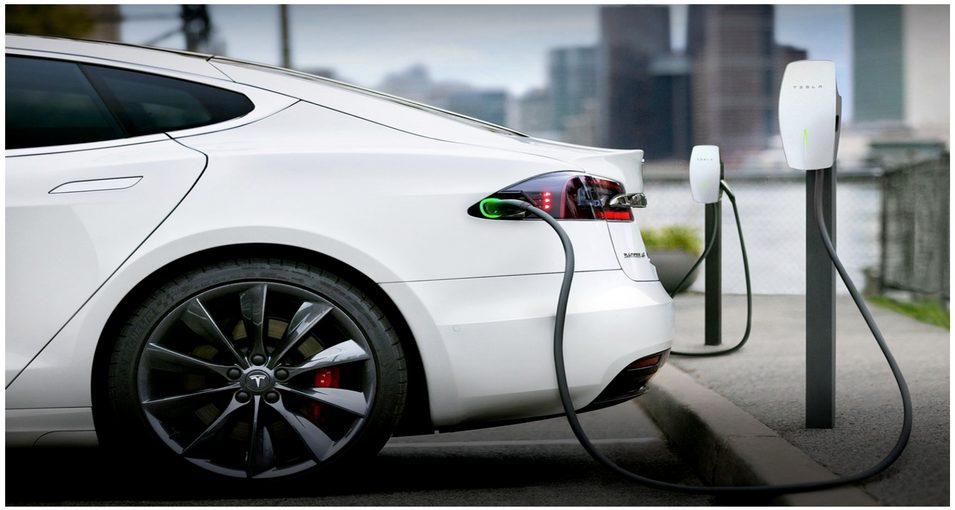
6. Post Construction | Closeout Phase

- Commissioning, inspections, handover, training, monitoring

7. Ongoing maintenance, offered monthly or quarterly

INSTALLATION COST RANGES

Public Charging | Level 2
Public Charging | Project Cost : ~$2,000 to ~$10,000
Public Charging | Charge Time : Hours



Public Charging | Level 3 / DCFC
Public Charging | Project Cost : ~$25,000 to ~$150,000*
Public Charging | Charge Time : Minutes

*** TXDOT NEVI Guidelines**

Questions?

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Thank You

Legal Disclaimer
This document is not intended to give legal advice. It is comprised of general information. Employers facing specific issues should seek the assistance of an attorney.

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