

## Honda May Benefit From Proposed U.S. Tax-Credit Boost

By Alan Ohnsman and Daniel Whitten

They are wrong!

**July 9** (Bloomberg) -- **Honda Motor Co.**, the sole automaker selling compressed natural gas-powered cars to U.S. consumers, may be an early beneficiary of legislation aimed at doubling federal incentives to lift sales of the low-exhaust models.



Senate Majority Leader **Harry Reid** of Nevada yesterday offered legislation to boost tax incentives to as much as \$12,500 for natural gas passenger vehicles, and extend them for a decade. Commercial trucks using CNG would receive as much as \$64,000, according to a summary of the legislation.

Honda, vying with **Toyota Motor Corp.** to have the most fuel-efficient U.S. model line, began selling the Indiana-built natural gas **Civic GX** to consumers in 2005, after first offering the car to fleets from 1997. The company estimates the Civic model produces about 25 percent less greenhouse gas emissions than a similar gasoline-engine car, and costs only about half as much to fuel.

"We welcome any decision from the U.S. government that benefits our customers," said **Yasuko Matsuura**, a spokeswoman for Tokyo-based Honda. She wouldn't say whether the company would boost output of CNG-fueled Civics if the legislation becomes law.

The U.S. House introduced a **similar measure** this year. Energy investor **T. Boone Pickens**, who is pushing the use of natural gas as a way to end U.S. dependence on foreign oil, said yesterday that the extended use of natural gas could help save \$500 billion a year in spending for imported oil.

### Chance of Passage

"These credits will likely need to be added to a moving legislative vehicle in order to be enacted," said K. **Whitney Stanco**, an analyst for Concept Capital in Washington. "If the provisions are not addressed this year, we think the chances for enactment will improve next year."

The Senate measure is co-sponsored by **Orrin Hatch**, a Utah Republican. The House measure has 71 cosponsors, split among Democrats and Republicans.

Honda's \$25,190 Civic GX now gets a \$4,000 federal credit for "alternative fuel" vehicles. Doubling that would cut its cost to the level of the \$17,055 base gasoline-engine Civic with an automatic transmission, or less.

Not any more!

The Environmental Protection Agency has said the GX has the lowest exhaust emissions of any internal combustion engine ever tested. While the GX costs less to operate than a gasoline Civic, it averages only about 220 miles per fueling and has half as much trunk space, said **Todd Mittleman**, a Honda spokesman.

### Expanded Incentives

Honda plans to sell between "1,500 and 2,000" of the cars this year, Mittleman said, without elaborating. Production of the car moved to Honda's new Greensburg, Indiana, plant this year from East Liberty, Ohio.

Toyota showed a CNG-powered Camry Hybrid at the Los Angeles Auto Show in November, without saying whether it would sell the model. The company has said natural gas is growing more attractive because of abundant U.S. supplies, lower cost and reduced emissions.

Reid's bill would expand and extend tax incentives for purchases of natural gas used as a vehicle fuel and for the installation of refueling stations. The credits were set up as part of a broad law passed in 2005 to help secure energy supplies and lower costs, issues that are back in the forefront of Congress following record-high oil and gas prices in 2008.