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IER INSTITUTE FOR ENERGY RESEARCH

ECONOMIC IMPACTS OF ELIMINATING THE EV TAX CREDIT MANUFACTURERS' CAP

Study conducted by NERA Economic Consulting

KEY TAKEAWAYS:

1 Eliminating the manufacturers' cap would increase costs to taxpayers.

If the manufacturers' cap were removed, the study forsees greater burdens on taxpayers and higher electricity rates to pay for EV infrastructure.

2 Gasoline consumption would not be significantly affected.

Extending the tax credit would have a negligible impact on gasoline demand (<1% decrease by 2035), and therefore, does not reduce carbon emissions in any significant way.

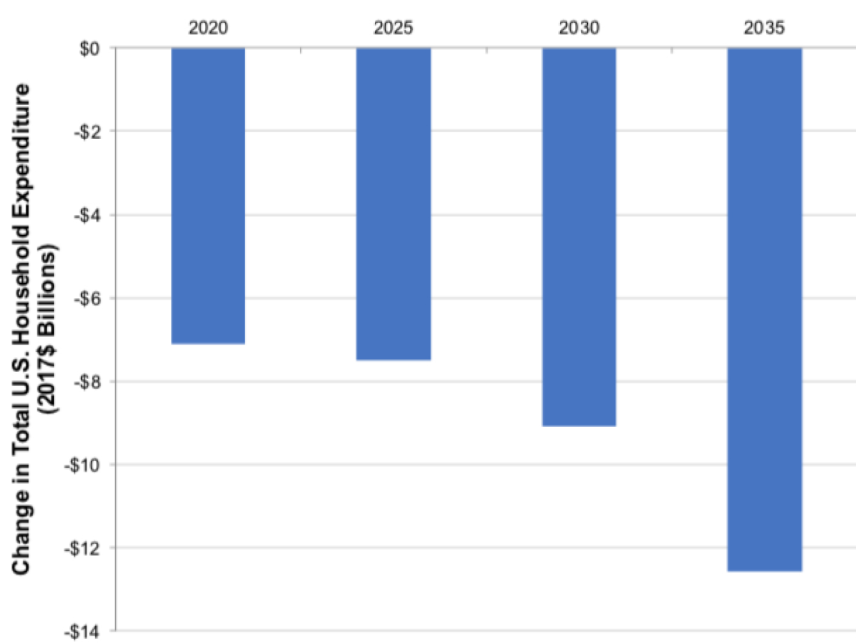
3 Eliminating the cap would negatively impact U.S. household incomes.

Eliminating the manufacturers' cap on the EV tax credit would result in the net present value reduction in personal income of all U.S. households of $95 billion or about $610 per household between 2020 and 2035.

4 Eliminating the cap would benefit the wealthy at the expense of all taxpayers.

Targeted subsidies like the EV tax credit create the economic trap of concentrated benefits and dispersed costs. A lifting of the cap would funnel wealth from the American public at large to a narrow segment of Americans: EV manufacturers and wealthy EV buyers.

Change in Total U.S. Household Income (2017$ Billions)



Full study available at www.instituteforenergyresearch.org/wp-content/uploads/2018/12/NERA_EV-Tax-Credit.pdf