

June 14, 2019

The Honorable John Thune
511 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Debbie Stabenow
731 Hart Senate Office Building
Washington, DC 20510

RE: The Section 30(D) Electric Vehicle Tax Credit

Dear Senator Thune and Senator Stabenow:

We urge you to not expand or extend the federal tax credit for electric vehicles (EV) as part of tax extenders legislation or any other bill during this Congress.

Expanding the federal tax credit forces middle class and lower income Americans to subsidize the purchase of EVs by wealthy buyers. The top 20 percent of income earners receive 90 percent of all federal vehicle tax credits. A recent Morgan State University report found that 80 percent of all EV owners earn more than \$100,000 per year, with 40 percent earning more than \$200,000 per year.

Furthermore, transportation infrastructure projects such as roads and bridges are financed from gasoline and fuel taxes. EV owners are essentially exempted from paying their fair share for infrastructure projects despite all vehicles causing wear-and-tear on our roads. This tax policy is regressive and unfair to the vast majority of taxpayers.

A May 2019 study by Ernst and Young examined the cost to taxpayers of expanding the federal EV tax credit and found that eliminating the current 200,000 per-manufacturer vehicle cap would cost \$11 billion over the first five years (2019-23) and \$46.4 billion over the 10-year budget window (2019-28).

The study also estimated the cost of the *Driving America Forward Act* (S.1094), which would increase the cap from 200,000 to 600,000 vehicles, would be \$6.3 billion over the first five years (2019-23) and \$15.7 billion over the 10-year budget window (2019-28).

While the government has at times provided incentives to support pre-competitive research and development of nascent technologies, the EV market has evolved beyond this stage as automobile manufacturers continue to invest billions of dollars in EV technology. U.S. sales of EVs have increased more than eleven-fold between 2011 and 2018 with a 74.5 percent annual growth last year. Further subsidies are not needed or warranted.

Tax policy should maintain an equitable marketplace for all technologies and all consumers. We urge you to reject expanded electric vehicle subsidies that favor a small group of people.

Sincerely,



CC: Senate Finance Committee Chairman Chuck Grassley
Senate Finance Committee Ranking Member Ron Wyden
Senator Pat Roberts
Senator Thomas Carper

Senator John Cornyn
Senator Sheldon Whitehouse
Senator Bill Cassidy
Senator Maggie Hassan

About AFPM

The American Fuel & Petrochemical Manufacturers (“AFPM”) is a national trade association whose members comprise virtually all U.S. refining and petrochemical manufacturing capacity. For more information, please contact Derrick Morgan, Senior Vice President, Federal and Regulatory Affairs at DMorgan@afpm.org, or 202-844-5473.

About API

The American Petroleum Institute is the only national trade association representing all facets of the oil and natural gas industry, which supports 10.3 million U.S. jobs and nearly 8 percent of the U.S. economy. API’s more than 625 members include large integrated companies, as well as exploration and production, refining, marketing, pipeline, and marine businesses, and service and supply firms. They provide most of the nation’s energy and are backed by a growing grassroots movement of more than 45 million Americans. For more information, please contact Frank Macchiarola, Vice President, Downstream at MacchiarolaF@api.org or 202-682-8167.

About PMAA

PMAA is a federation of 47 state and regional trade associations representing 8,000 independent petroleum marketers nationwide. PMAA companies own 60,000 retail fuel outlets such as gas stations, convenience stores and truck stops. Additionally, these companies supply motor fuels to 40,000 independently owned retail outlets and heating oil to over eight million homes and businesses. PMAA members are engaged in the transport, storage and sale of petroleum products including gasoline, diesel fuels, kerosene, jet fuel, aviation gasoline, propane, racing fuel, lubricating oils, and home heating oil at both the wholesale and retail level. PMAA members are the primary conduit for bringing petroleum products from the terminal rack to retail locations and represent a vital and indispensable link in the nation’s petroleum distribution chain. For more information, please contact Rob Underwood, President, at 703-351-8000 or runderwood@pmaa.org.