

END CHINESE DOMINANCE OF ELECTRIC VEHICLES IN AMERICA ACT OF 2024

JUNE 11, 2024.—Committed to the Committee of the Whole House on the State of
the Union and ordered to be printed

Mr. SMITH of Missouri, from the Committee on Ways and Means,
submitted the following

R E P O R T

together with

DISSENTING VIEWS

[To accompany H.R. 7980]

[Including cost estimate of the Congressional Budget Office]

The Committee on Ways and Means, to whom was referred the bill (H.R. 7980) to amend the Internal Revenue Code of 1986 to exclude vehicles the batteries of which contain materials sourced from prohibited foreign entities from the clean vehicle credit, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

CONTENTS

	Page
I. SUMMARY AND BACKGROUND	3
A. Purpose and Summary	3
B. Background and Need for Legislation	3
C. Legislative History	4
Background	4
Committee Hearings	4
Committee Action	4
D. Designated Hearing	4
II. EXPLANATION OF THE BILL	4
A. Exclusion from Clean Vehicle Credit of Vehicles Containing Materials Sourced from Prohibited Foreign Entities (sec. 2 of the bill and sec. 30D of the Code)	4
B. Explanation of Provision	8
C. Effective Date	9
III. VOTES OF THE COMMITTEE	9
IV. BUDGET EFFECTS OF THE BILL	9

A. Committee Estimate of Budgetary Effects	9
B. Statement Regarding New Budget Authority and Tax Expenditures Budget Authority	9
V. COST ESTIMATE PREPARED BY THE CONGRESSIONAL BUDGET OFFICE	9
VI. OTHER MATTERS TO BE DISCUSSED UNDER THE RULES OF THE HOUSE	13
A. Committee Oversight Findings and Recommendations	13
B. Statement of General Performance Goals and Objectives	13
C. Information Relating to Unfunded Mandates	13
D. Applicability of House Rules XXI, Clause 5(b)	13
E. Tax Complexity Analysis	13
F. Congressional Earmarks, Limited Tax Benefits, and Limited Tariff Benefits	13
G. Duplication of Federal Programs	14
VII. CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED	14
VIII. DISSENTING VIEWS	23

The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the “End Chinese Dominance of Electric Vehicles in America Act of 2024”.

SEC. 2. EXCLUSION FROM CLEAN VEHICLE CREDIT OF VEHICLES CONTAINING MATERIALS SOURCED FROM PROHIBITED FOREIGN ENTITIES.

(a) IN GENERAL.—Section 30D(d)(7) of the Internal Revenue Code of 1986 is amended to read as follows:

“(7) EXCLUDED ENTITIES.—

“(A) IN GENERAL.—For purposes of this section, the term ‘new clean vehicle’ shall not include any vehicle—

“(i) with respect to which any of the components contained in the drive battery or any material contained in such a component was extracted, processed, recycled, manufactured, or assembled by a prohibited foreign entity, or

“(ii) the drive battery of which is designed, manufactured, or produced using any process attributable to any licensing, royalty, service, or similar agreement with a prohibited foreign entity the estimated total contract cost, including variable, contingent, or sales-based payments, of which exceeds \$5,000,000.

“(B) PROHIBITED FOREIGN ENTITY.—For purposes of subparagraph (A), the term ‘prohibited foreign entity’ means—

“(i) any foreign entity of concern (as defined in section 40207(a)(5) of the Infrastructure Investment and Jobs Act),

“(ii) any entity with respect to which the government of a covered nation has the right or power (directly or indirectly) to appoint or approve the appointment of a covered officer, or

“(iii) any entity 25 percent or more of the capital or profits interests of which are owned (directly or indirectly) in the aggregate by 1 or more of the following:

“(I) A covered nation or an entity described in clause (i) or (ii).

“(II) A citizen, national, or resident of a covered nation.

“(III) An entity organized under the laws of a covered nation.

“(C) COVERED OFFICER.—For purposes of this paragraph, the term ‘covered officer’ means—

“(i) any member of the board of directors, board of supervisors, or an equivalent governing body,

“(ii) the president, senior vice president, chief executive officer, chief operating officer, chief financial officer, or general counsel, or

“(iii) any individual who performs duties usually associated with a title listed in clause (i) or (ii).

“(D) COVERED NATION.—For purposes of this paragraph, the term ‘covered nation’ has the meaning given such term in section 4872(d) of title 10, United States Code.

“(E) DRIVE BATTERY.—For purposes of this paragraph, the term ‘drive battery’ means, with respect to a vehicle, the battery from which the electric motor of such vehicle draws electricity.”.

(b) **EFFECTIVE DATE.**—The amendment made by this section shall apply to vehicles placed in service after the date of enactment of this Act.

I. SUMMARY AND BACKGROUND

A. PURPOSE AND SUMMARY

The bill, H.R. 7980, the “End Chinese Dominance of Electric Vehicles in America Act of 2024,” as ordered reported by the Committee on Ways and Means on April 17, 2024. The purpose of the bill is to prevent the Chinese Communist Party from receiving a windfall by closing the Chinese billionaire loophole and ensuring that Treasury follows the same definition of FEOC developed by the Commerce Department and to expand the FEOC limitations to prevent batteries designed, manufactured, or produced using any process attributable to any licensing, royalty, service contract, or similar agreements with a prohibited entity from being eligible for the credit.

B. BACKGROUND AND NEED FOR LEGISLATION

The Inflation Reduction Act (IRA) created generous new tax subsidies for electric vehicles (EVs), at an enormous cost to the taxpayer. While drafting the IRA, an attempt was made to prevent those subsidies from going to foreign entities of concern (FEOC), including entities with ties to China or other adversaries. Pushed by radical environmentalists and some EV producers, the Biden Administration wrote lenient FEOC rules that benefit China.

Under the IRA, EVs are ineligible for a tax subsidy if they contain battery components or critical minerals sourced from an FEOC. This follows a similar restriction on semiconductor grants included in the CHIPS and Science Act signed by President. . . . Biden.

In September 2023, the Commerce Department issued rules under the CHIPS Act that defined an FEOC as follows: 25 percent or more of the entity’s voting interest, or board seats, or equity interest is held directly or indirectly by the government of a country of concern (China, Russia, North Korea, or Iran) or its officials, or by any person that is a citizen, national, or resident of such country.

In December 2023, Treasury issued similar FEOC rules for the EV tax subsidies but opted to make their version more China-favorable than the Commerce Department rule. Treasury excluded “any person that is a citizen, national, or resident”—so an entity owned by a wealthy foreign national could benefit from the EV subsidies as long as his or her ties to the Chinese Communist Party or other hostile government were unofficial.

Treasury also defined “battery component” very favorably to Chinese manufacturers, who can produce all materials and parts upstream of the battery component and still remain eligible to benefit from the EV tax subsidies.

The drafters of the IRA EV subsidies failed to prevent FEOC entities from being the ultimate beneficiaries of the credits through licensing, services, or similar contracts that facilitate the same economic result as a joint venture.

This legislation is needed to prevent the Chinese Communist Party from receiving a windfall by closing the Chinese billionaire

loophole and ensuring that Treasury follows the same definition of FEOC developed by the Commerce Department.

It also closes the Chinese manufacturing loophole by preventing China from leveraging its battery supply chain dominance to produce upstream materials and parts that are eligible for an EV tax subsidy in the United States.

Finally, this legislation is needed to expand the FEOC limitations to prevent batteries designed, manufactured, or produced using any process attributable to any licensing, royalty, service contract, or similar agreements with a prohibited entity from being eligible for the credit.

C. LEGISLATIVE HISTORY

Background

H.R. 7980 was introduced on April 15, 2024, and was referred to the Committee on Ways and Means.

Committee Hearings

The Committee on Ways and Means held the following hearings concerning the policy in H.R. 7980:

On April 19, 2023, the Committee held a Hearing on the U.S. Tax Code Subsidizing Green Corporate Handouts and the Chinese Communist Party.

On April 11, 2024, the Committee held a Hearing on Expanding on the Success of the 2017 Tax Relief to Help Hardworking Americans.

Committee Action

The Committee on Ways and Means marked up H.R. 7980, the “End Chinese Dominance of Electric Vehicles in America Act of 2024,” on April 17, 2024, and ordered the bill, as amended, favorably reported (with a quorum being present).

D. DESIGNATED HEARING

Pursuant to clause 3(c)(6) of rule XIII, the following hearing was used to develop and consider H.R. 7980:

On April 11, 2024, the Committee held a Hearing on Expanding on the Success of the 2017 Tax Relief to Help Hardworking Americans.

II. EXPLANATION OF THE BILL

A. EXCLUSION FROM CLEAN VEHICLE CREDIT OF VEHICLES CONTAINING MATERIALS SOURCED FROM PROHIBITED FOREIGN ENTITIES (SEC. 2 OF THE BILL AND SEC. 30D OF THE CODE)

PRESENT LAW

In general

Present law allows a credit for each new clean vehicle placed in service (the “CV credit”). A new clean vehicle is a motor vehicle the original use of which commences with the taxpayer, is acquired for use or lease and not for resale, is made by a qualified manufac-

turer,¹ has a gross vehicle weight rating of less than 14,000 pounds, is treated as a motor vehicle for purposes of title II of the Clean Air Act, and is propelled to a significant extent by an electric motor drawing electricity from a battery (1) with at least seven kilowatt-hours of capacity and (2) which is capable of being recharged from an external source of electricity.² The person who sells the vehicle must provide a report to the taxpayer and Secretary that includes the name and taxpayer identification number of the taxpayer, the vehicle identification number of the vehicle, the battery capacity of the vehicle, verification that original use of the vehicle commences with the taxpayer, and the maximum credit allowable to the taxpayer with respect to the vehicle.³ A new clean vehicle must have final assembly occur within North America.⁴

New qualified fuel cell motor vehicles⁵ which have final assembly within North America and for which sellers provide a report, as described above, are new clean vehicles for purposes of the credit.⁶

Vehicles with any applicable critical minerals in the battery that are extracted, processed, or recycled by a foreign entity of concern that are placed in service after December 31, 2024 or vehicles with any components contained in the battery of the vehicle that are manufactured or assembled by a foreign entity of concern that are placed in service after December 31, 2023 do not qualify for the credit.⁷

A foreign entity of concern⁸ is a foreign entity that is (1) designated as a foreign terrorist organization by the Secretary of State, (2) included on the list of specially designated nationals and blocked persons maintained by the Office of Foreign Assets Control of the Department of the Treasury (“SDN list”), (3) owned by, controlled by, or subject to the jurisdiction or direction of the government of a covered nation,⁹ (4) alleged by the Attorney General to have been involved in activities for which a conviction was obtained under certain laws,¹⁰ or (5) determined by the Secretary of Energy, in consultation with the Secretary of Defense and the Director of National Intelligence, to be engaged in unauthorized conduct that is detrimental to the national security or foreign policy of the United States.

CV credit amount

A new clean vehicle is eligible for a maximum credit of up to \$7,500 if certain requirements are met. One \$3,750 amount is al-

¹ A qualified manufacturer must be a manufacturer as defined in regulations prescribed by the Administrator of the Environmental Protection Agency for purposes of the administration of title II of the Clean Air Act (42 U.S.C. sec. 7521 *et seq.*) and must provide periodic written reports to the Secretary which include vehicle identification numbers. Sec. 30D(d)(3). Unless otherwise stated, all section references are to the Internal Revenue Code of 1986, as amended.

² Sec. 30D(d)(1).

³ Sec. 30D(d)(1)(H).

⁴ Sec. 30D(d)(1)(G).

⁵ As defined in section 30B(b)(3).

⁶ Sec. 30D(d)(6).

⁷ Sec. 30D(d)(7). Treasury and the U.S. Department of Energy have released proposed regulations on excluded entities for the clean vehicle credit and foreign entities of concern. See Notice of Proposed Rulemaking, 88 Fed. Reg. 84098, December 4, 2023, and Notice of Proposed Rulemaking, 88 Fed. Reg. 84082, December 4, 2023, respectively.

⁸ Foreign entity of concern as defined in 42 U.S.C. sec. 18741(a)(5).

⁹ 10 U.S.C. sec. 4872(d). Covered nation means the Democratic People’s Republic of North Korea, the People’s Republic of China, the Russian Federation, and the Islamic Republic of Iran.

¹⁰ 42 U.S.C. sec. 18741(a)(5)(D).

lowed if a critical minerals requirement for the battery is met.¹¹ Another \$3,750 amount is allowed if a battery components requirement is met.¹²

Critical minerals requirement

To satisfy the critical minerals requirement, a new clean vehicle's battery (from which the electric motor draws electricity) must have a percentage of the value of applicable critical minerals¹³ that were (1) extracted or processed in the United States or a country that has a free trade agreement¹⁴ with the United States or (2) recycled in North America equal to or greater than an applicable percentage.¹⁵

For this purpose the applicable percentage is 40 percent for a vehicle placed in service before January 1, 2024. The applicable percentage is 50 percent for a vehicle placed in service during calendar year 2024, 60 percent for 2025, 70 percent for 2026, and 80 percent after 2026.¹⁶

Battery components requirement

To satisfy the battery components requirement, a new clean vehicle's battery (from which the electric motor draws electricity) must have a percentage of the value of components that were manufactured or assembled in North America equal to or greater than an applicable percentage.¹⁷

For this purpose, the applicable percentage is 50 percent for a vehicle placed in service before January 1, 2024. The applicable percentage is 60 percent for a vehicle placed in service during calendar year 2024 or 2025, 70 percent for 2026, 80 percent for 2027, 90 percent for 2028, and 100 percent after 2028.¹⁸

Vehicle price and AGI limitations

The provision requires that the manufacturer's suggested retail price ("MSRP") of a new clean vehicle purchased by the taxpayer not exceed certain limitations. That is, the credit amount is \$0 if the MSRP for the vehicle exceeds the applicable limitation. This limitation is \$80,000 in the case of a van, sport utility vehicle, or pickup truck, and \$55,000 in the case of any other vehicle. The Secretary is directed to release regulations or guidance to characterize vehicles into the appropriate category by applying rules similar to those employed by the Environmental Protection Agency ("EPA") and the Department of Energy to determine vehicle class and size.¹⁹

Additionally, no credit is allowed if the taxpayer's income exceeds \$300,000 in the case of a joint return or surviving spouse, \$225,000

¹¹ Sec. 30D(b)(2).

¹² Sec. 30D(b)(3).

¹³ Critical minerals as defined in sec. 45X(c)(6).

¹⁴ Treasury has released proposed regulations on the clean vehicle credit which include interpreting free trade agreement. See Notice of Proposed Rulemaking, 88 Fed. Reg. 23370, April 17, 2023.

¹⁵ Sec. 30D(e)(1)(A).

¹⁶ Sec. 30D(e)(1)(B).

¹⁷ Sec. 30D(e)(2)(A). This requirement is intended to incentivize the manufacturing or assembly of high value battery components, such as battery cells, in North America.

¹⁸ Sec. 30D(e)(2)(B).

¹⁹ Sec. 30D(f)(11). Treasury has released proposed regulations on the clean vehicle credit which include the determination of vehicle classifications. See Notice of Proposed Rulemaking, 88 Fed. Reg. 23370, April 17, 2023.

in the case of a head of household, or \$150,000 in the case of any other taxpayer.²⁰ For purposes of this limitation, the taxpayer's income is the lesser of modified AGI of the current taxable year or modified AGI of the preceding taxable year.²¹

Transfer of credit

A taxpayer who has purchased or leased a vehicle may elect to transfer the credit to an eligible entity, subject to regulations or guidance the Secretary deems necessary.²² The eligible entity is then treated as the taxpayer with respect to the credit.²³ The Secretary is directed to establish a program to provide advance payments of these credit amounts to eligible entities.²⁴ An election to transfer the credit must be made on or before the date of vehicle purchase.²⁵

An eligible entity is a dealer²⁶ which meets the following requirements: First, the dealer must be registered with the Secretary. Second, prior to the election of transfer, the dealer must disclose information to the buyer on the MSRP price of the vehicle, value of the credit or other incentives available, and the amount provided by the dealer as a condition of an election to transfer. Third, the dealer must pay the taxpayer for the amount of the credit allowable. Finally, the dealer must ensure that the availability or use of any other available manufacturer or dealer incentive does not limit the ability of the taxpayer to make an election and that the election will not limit the value or use of any such incentive.²⁷ The Secretary may revoke the registration of dealers that fail to comply with these requirements.²⁸

The payment made by dealers to buyers in connection with a credit transfer election is not includable in the gross income of the taxpayer and is not deductible to the dealer.²⁹

The tax liability of a taxpayer that does not meet the AGI requirements for the credit, that elects to transfer a credit, and that receives a payment in connection with such credit transfer, is increased by the amount of such payment.³⁰

Other rules

A vehicle that is predominantly used outside the United States does not qualify for the credit.³¹ A vehicle must meet certain emissions and safety standards in order to qualify for the credit.³²

The basis of any qualified vehicle is reduced by the amount of the credit.³³ The portion of the credit attributable to vehicles of a character subject to an allowance for depreciation is treated as part

²⁰ Sec. 30D(f)(10).

²¹ Modified AGI is AGI increased by any amount excluded from gross income under section 911, 931, or 933. Sec. 30D(f)(10)(C).

²² Treasury has released proposed regulations on the transfer of clean vehicle credits. See Notice of Proposed Rulemaking, 88 Fed. Reg. 70310, October 10, 2023.

²³ Sec. 30D(g)(1).

²⁴ Sec. 30D(g)(7).

²⁵ Sec. 30D(g)(3).

²⁶ A dealer is a person licensed by a State, territory of the United States, Indian tribal government, or Alaska Native Corporation to engage in the sale of vehicles. Sec. 30D(g)(8).

²⁷ Sec. 30D(g)(2).

²⁸ Sec. 30D(g)(4).

²⁹ Sec. 30D(g)(5).

³⁰ Sec. 30D(g)(10).

³¹ Sec. 30D(f)(4).

³² Sec. 30D(f)(7).

³³ Sec. 30D(f)(1).

of the general business credit; the nonbusiness portion of the credit is allowable to the extent of the excess of the regular tax and the alternative minimum tax (reduced by certain other credits) for the taxable year.³⁴

Only one credit is allowed for each vehicle and a taxpayer must include the vehicle identification number of the vehicle on a tax return to claim the credit.³⁵

Expiration

No credit is allowed for any vehicle placed in service after December 31, 2032.³⁶

Reasons for change

The Committee is concerned that America's foreign adversaries will take advantage of the new clean vehicle credit and potentially put domestic electric vehicle manufacturing at risk. To address this concern, the Committee intends to tighten existing rules to deny the credit to certain prohibited foreign entities that enter into any of a large variety of contractual arrangements with domestic manufacturers.

B. EXPLANATION OF PROVISION

The provision modifies the requirements of the new clean vehicle credit. Vehicles that have any components contained in the drive battery or any material contained in such components that are extracted, processed, recycled, manufactured, or assembled by a prohibited foreign entity do not qualify for the credit.³⁷ Additionally, vehicles that have a drive battery that is designed, manufactured, or produced using any process attributable to any licensing, royalty, service, or similar agreement with a prohibited foreign entity the estimated total contract cost, including variable, contingent, or sales-based payments, of which exceeds \$5,000,000 do not qualify for the credit.

A drive battery is the battery from which the electric motor of a vehicle draws electricity.

A prohibited foreign entity is (1) a foreign entity of concern, (2) an entity with respect to which the government of a covered nation has the right or power (directly or indirectly) to appoint or approve the appointment of a covered officer ("covered officer entity"), or (3) an entity 25 percent or more of the capital or profits interests of which are owned (directly or indirectly) in the aggregate by one or more of: a covered nation, a foreign entity of concern, or a covered officer entity; a citizen, national, or resident of a covered nation; or an entity organized under the laws of a covered nation.

A covered officer is (1) any member of the board of directors or supervisors, or an equivalent governing body, (2) the president, senior vice president, chief executive officer, chief operating officer, chief financial officer, or general counsel, or (3) other individuals who performs duties usually associated with such titles.

³⁴ Sec. 30D(c).

³⁵ Sec. 30D(f)(8) and (9).

³⁶ Sec. 30D(h).

³⁷ Including low-value minerals or battery materials for which the origin/source may be hard to trace.

C. EFFECTIVE DATE

The provision is effective for vehicles placed in service after date of enactment.

III. VOTES OF THE COMMITTEE

Pursuant to clause 3(b) of rule XIII of the Rules of the House of Representatives, the following statement is made concerning the vote of the Committee on Ways and Means in its consideration of H.R. 7980, the “End Chinese Dominance of Electric Vehicles in America Act of 2024,” on April 17, 2024.

The bill, H.R. 7980, the “End Chinese Dominance of Electric Vehicles in America Act of 2024,” as amended, was ordered favorably reported to the House of Representatives by a roll call vote of 22 yeas to 18 nays (with a quorum being present). The vote was as follows:

Representative	Yea	Nay	Present	Representative	Yea	Nay	Present
Mr. Smith (MO)	X	.....	.....	Mr. Neal .....	.....	X	.....
Mr. Buchanan	X	.....	.....	Mr. Doggett .....	.....	X	.....
Mr. Smith (NE)	X	.....	.....	Mr. Thompson .....	.....	X	.....
Mr. Kelly	X	.....	.....	Mr. Larson .....	.....	X	.....
Mr. Schweikert	X	.....	.....	Mr. Blumenauer .....	.....	X	.....
Mr. LaHood .....	.....	.....	.....	Mr. Pascrell .....	.....	X	.....
Dr. Wenstrup	X	.....	.....	Mr. Davis .....	.....	X	.....
Mr. Arrington	X	.....	.....	Ms. Sánchez .....	.....	X	.....
Dr. Ferguson	X	.....	.....	Ms. Sewell .....	.....	X	.....
Mr. Estes	X	.....	.....	Ms. DelBene .....	.....	X	.....
Mr. Smucker	X	.....	.....	Ms. Chu .....	.....	X	.....
Mr. Hern	X	.....	.....	Ms. Moore .....	.....	X	.....
Ms. Miller	X	.....	.....	Mr. Kildee .....	.....	X	.....
Dr. Murphy .....	.....	.....	.....	Mr. Beyer .....	.....	X	.....
Mr. Kustoff	X	.....	.....	Mr. Evans .....	.....	X	.....
Mr. Fitzpatrick	X	.....	.....	Mr. Schneider .....	.....	X	.....
Mr. Steube .....	.....	.....	.....	Mr. Panetta .....	.....	X	.....
Ms. Tenney	X	.....	.....	Mr. Gomez .....	.....	X	.....
Mrs. Fischbach	X	.....	.....		
Mr. Moore	X	.....	.....		
Mrs. Steel	X	.....	.....		
Ms. Van Dyne	X	.....	.....		
Mr. Feenstra	X	.....	.....		
Ms. Malliotakis	X	.....	.....		
Mr. Carey	X	.....	.....		

IV. BUDGET EFFECTS OF THE BILL

A. COMMITTEE ESTIMATE OF BUDGETARY EFFECTS

In compliance with clause 3(d) of rule XIII of the Rules of the House of Representatives, the following statement is made concerning the effects on the budget of the bill, H.R. 7980 as reported. The estimate prepared by the Congressional Budget Office (CBO) is included below.

The bill is estimated to increase Federal fiscal year budget receipts by \$660 million for the period 2024 through 2034.

FISCAL YEARS
[Millions of dollars]

2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2024– 29	2024– 34
22	22	2	6	16	47	77	88	103	124	154	114	660

NOTE: Details do not add to totals due to rounding.

**B. STATEMENT REGARDING NEW BUDGET AUTHORITY AND TAX
EXPENDITURES BUDGET AUTHORITY**

In compliance with clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee states that the bill involves no new or increased budget authority.

**V. COST ESTIMATE PREPARED BY THE CONGRESSIONAL
BUDGET OFFICE**

In compliance with clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, requiring a cost estimate prepared by the CBO, the following statement by CBO is provided.

H.R. 7980, End Chinese Dominance of Electric Vehicles in America Act of 2024			
As ordered reported by the House Committee on Ways and Means on April 17, 2024			
By Fiscal Year, Millions of Dollars	2024	2024-2029	2024-2034
Direct Spending (Outlays)	-20	-103	-601
Revenues	2	11	59
Increase or Decrease (-) in the Deficit	-22	-114	-660
Spending Subject to Appropriation (Outlays)	*	*	not estimated
Increases <i>net direct spending</i> in any of the four consecutive 10-year periods beginning in 2035?	No	Statutory pay-as-you-go procedures apply?	Yes
		Mandate Effects	
Increases <i>on-budget deficits</i> in any of the four consecutive 10-year periods beginning in 2035?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No
Components may not sum to totals because of rounding; * = between -\$500,000 and \$500,000.			

H.R. 7980 would amend the Internal Revenue Code to tighten eligibility requirements for the new clean-vehicle tax credit. The bill would specify that the credit could not be claimed for vehicles powered by a battery containing components or materials that have been extracted, processed, recycled, manufactured, or assembled by a prohibited foreign entity or designed, manufactured, or produced under contract with such an entity. H.R. 7980 would define prohibited foreign entity as a foreign entity of concern or one with ties to North Korea, China, Russia, or Iran.

Under current law, starting in 2024, vehicles with battery components sourced from a foreign entity of concern are not eligible for the new clean-vehicle credit. Starting in 2025, vehicles with battery-critical minerals sourced from a foreign entity of concern are not eligible for tax credits.

The Congressional Budget Act of 1974, as amended, stipulates that revenue estimates provided by the staff of the Joint Committee on Taxation (JCT) will be the official estimates for all tax legislation considered by the Congress. As such, CBO incorporates those estimates into its cost estimates of the effects of legislation. The estimates for the tax provisions of H.R. 7980, including the effects on direct spending, were provided by JCT.

For this estimate, CBO and JCT assume that the bill will be enacted in fiscal year 2024.

JCT estimates that enacting H.R. 7980 would increase revenues by \$59 million over the 2024–2034 period and would decrease outlays by \$601 million over the same period. The effect on outlays is large relative to revenues because most clean-vehicle tax credits are provided as advance payments to dealers.

The costs of the legislation, detailed in Table 1, fall within budget function 270 (energy).

TABLE 1.—ESTIMATED BUDGETARY EFFECTS OF H.R. 7980

	By fiscal year, millions of dollars—										
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
											2024–2034
	Decreases in Direct Spending										
Estimated Budget Authority	– 20	– 20	– 2	– 5	– 14	– 42	– 70	– 79	– 93	– 117	– 139
Estimated Outlays	– 20	– 20	– 2	– 5	– 14	– 42	– 70	– 79	– 93	– 117	– 139
											– 601
											– 601
	Increases in Revenues										
Estimated Revenues	2	2	*	1	2	5	7	9	10	7	15
											59
	Net Decrease in the Deficit										
	From Changes in Direct Spending and Revenues										
Effect on the Deficit	– 22	– 22	– 2	– 6	– 16	– 47	– 77	– 88	– 103	– 124	– 154
											– 114
											– 660

Components may not sum to totals because of rounding; * = between zero and \$500,000.

The CBO staff contact for this estimate is Molly Sherlock. The estimate was reviewed by John McClelland, Director of Tax Analysis and H. Samuel Papenfuss, Deputy Director of Budget Analysis.

PHILLIP L. SWAGEL,
Director, Congressional Budget Office.

VI. OTHER MATTERS TO BE DISCUSSED UNDER THE RULES OF THE HOUSE

A. COMMITTEE OVERSIGHT FINDINGS AND RECOMMENDATIONS

With respect to clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee made findings and recommendations that are reflected in this report.

B. STATEMENT OF GENERAL PERFORMANCE GOALS AND OBJECTIVES

With respect to clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the Committee advises that the bill does not authorize funding, so no statement of general performance goals and objectives is required.

C. INFORMATION RELATING TO UNFUNDED MANDATES

This information is provided in accordance with section 423 of the *Unfunded Mandates Reform Act of 1995* (Pub. L. No. 104-4).

The Committee has determined that the bill does not contain Federal mandates on the private sector. The Committee has determined that the bill does not impose a Federal intergovernmental mandate on State, local, or tribal governments.

D. APPLICABILITY OF HOUSE RULES XXI, CLAUSE 5(b)

Rule XXI 5(b) of the Rules of the House of Representatives provides, in part, that “A bill or joint resolution, amendment, or conference report carrying a Federal income tax rate increase may not be considered as passed or agreed to unless so determined by a vote of not less than three-fifths of the Members voting, a quorum being present.” The Committee has carefully reviewed the bill, and states that the bill does not provide such a Federal income tax increase.

E. TAX COMPLEXITY ANALYSIS

The Joint Committee on Taxation has determined that this legislation does not meet the threshold for a tax complexity analysis.

F. CONGRESSIONAL EARMARKS, LIMITED TAX BENEFITS, AND LIMITED TARIFF BENEFITS

With respect to clause 9 of rule XXI of the Rules of the House of Representatives, the Committee has carefully reviewed the provisions of the bill, and states that the provisions of the bill do not contain any congressional earmarks, limited tax benefits, or limited tariff benefits within the meaning of the rule.

G. DUPLICATION OF FEDERAL PROGRAMS

In compliance with clause 3(c)(5) of rule XIII of the Rules of the House of Representatives, the Committee states that no provision of the bill establishes or reauthorizes: (1) a program of the Federal Government known to be duplicative of another Federal program; (2) a program included in any report from the Government Accountability Office to Congress pursuant to section 21 of Public Law 111-139; or (3) a program related to a program identified in the most recent Catalog of Federal Domestic Assistance, published pursuant to the Federal Program Information Act (Pub. L. No. 95-220, as amended by Pub. L. No. 98-169).

VII. CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, and existing law in which no change is proposed is shown in roman):

SECTION 30D OF THE INTERNAL REVENUE CODE OF 1986

SEC. 30D. CLEAN VEHICLE CREDIT.

(a) ALLOWANCE OF CREDIT.—There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the sum of the credit amounts determined under subsection (b) with respect to each new clean vehicle placed in service by the taxpayer during the taxable year.

(b) PER VEHICLE DOLLAR LIMITATION.—

(1) IN GENERAL.—The amount determined under this subsection with respect to any new clean vehicle is the sum of the amounts determined under paragraphs (2) and (3) with respect to such vehicle.

(2) CRITICAL MINERALS.—In the case of a vehicle with respect to which the requirement described in subsection (e)(1)(A) is satisfied, the amount determined under this paragraph is \$3,750.

(3) BATTERY COMPONENTS.—In the case of a vehicle with respect to which the requirement described in subsection (e)(2)(A) is satisfied, the amount determined under this paragraph is \$3,750.

(c) APPLICATION WITH OTHER CREDITS.—

(1) BUSINESS CREDIT TREATED AS PART OF GENERAL BUSINESS CREDIT.—So much of the credit which would be allowed under subsection (a) for any taxable year (determined without regard to this subsection) that is attributable to property of a character subject to an allowance for depreciation shall be treated

as a credit listed in section 38(b) for such taxable year (and not allowed under subsection (a)).

(2) PERSONAL CREDIT.—For purposes of this title, the credit allowed under subsection (a) for any taxable year (determined after application of paragraph (1)) shall be treated as a credit allowable under subpart A for such taxable year.

(d) NEW CLEAN VEHICLE.—For purposes of this section—

(1) IN GENERAL.—The term “new clean vehicle” means a motor vehicle—

(A) the original use of which commences with the taxpayer,

(B) which is acquired for use or lease by the taxpayer and not for resale,

(C) which is made by a qualified manufacturer,

(D) which is treated as a motor vehicle for purposes of title II of the Clean Air Act,

(E) which has a gross vehicle weight rating of less than 14,000 pounds,

(F) which is propelled to a significant extent by an electric motor which draws electricity from a battery which—

(i) has a capacity of not less than 7 kilowatt hours, and

(ii) is capable of being recharged from an external source of electricity,

(G) the final assembly of which occurs within North America, and

(H) for which the person who sells any vehicle to the taxpayer furnishes a report to the taxpayer and to the Secretary, at such time and in such manner as the Secretary shall provide, containing—

(i) the name and taxpayer identification number of the taxpayer,

(ii) the vehicle identification number of the vehicle, unless, in accordance with any applicable rules promulgated by the Secretary of Transportation, the vehicle is not assigned such a number,

(iii) the battery capacity of the vehicle,

(iv) verification that original use of the vehicle commences with the taxpayer,

(v) the maximum credit under this section allowable to the taxpayer with respect to the vehicle, and

(vi) in the case of a taxpayer who makes an election under subsection (g)(1), any amount described in subsection (g)(2)(C) which has been provided to such taxpayer.

(2) MOTOR VEHICLE.—The term “motor vehicle” means any vehicle which is manufactured primarily for use on public streets, roads, and highways (not including a vehicle operated exclusively on a rail or rails) and which has at least 4 wheels.

(3) QUALIFIED MANUFACTURER.—The term “qualified manufacturer” means any manufacturer (within the meaning of the regulations prescribed by the Administrator of the Environmental Protection Agency for purposes of the administration of title II of the Clean Air Act (42 U.S.C. 7521 et seq.)) which enters into a written agreement with the Secretary under which

such manufacturer agrees to make periodic written reports to the Secretary (at such times and in such manner as the Secretary may provide) providing vehicle identification numbers and such other information related to each vehicle manufactured by such manufacturer as the Secretary may require.

(4) BATTERY CAPACITY.—The term “capacity” means, with respect to any battery, the quantity of electricity which the battery is capable of storing, expressed in kilowatt hours, as measured from a 100 percent state of charge to a 0 percent state of charge.

(5) FINAL ASSEMBLY.—For purposes of paragraph (1)(G), the term “final assembly” means the process by which a manufacturer produces a new clean vehicle at, or through the use of, a plant, factory, or other place from which the vehicle is delivered to a dealer or importer with all component parts necessary for the mechanical operation of the vehicle included with the vehicle, whether or not the component parts are permanently installed in or on the vehicle.

(6) NEW QUALIFIED FUEL CELL MOTOR VEHICLE.—For purposes of this section, the term “new clean vehicle” shall include any new qualified fuel cell motor vehicle (as defined in section 30B(b)(3)) which meets the requirements under subparagraphs (G) and (H) of paragraph (1).

[(7) EXCLUDED ENTITIES.—For purposes of this section, the term “new clean vehicle” shall not include—

[(A) any vehicle placed in service after December 31, 2024, with respect to which any of the applicable critical minerals contained in the battery of such vehicle (as described in subsection (e)(1)(A)) were extracted, processed, or recycled by a foreign entity of concern (as defined in section 40207(a)(5) of the Infrastructure Investment and Jobs Act (42 U.S.C. 18741(a)(5))), or

[(B) any vehicle placed in service after December 31, 2023, with respect to which any of the components contained in the battery of such vehicle (as described in subsection (e)(2)(A)) were manufactured or assembled by a foreign entity of concern (as so defined).]

(7) EXCLUDED ENTITIES.—

(A) IN GENERAL.—For purposes of this section, the term “new clean vehicle” shall not include any vehicle—

(i) with respect to which any of the components contained in the drive battery or any material contained in such a component was extracted, processed, recycled, manufactured, or assembled by a prohibited foreign entity, or

(ii) the drive battery of which is designed, manufactured, or produced using any process attributable to any licensing, royalty, service, or similar agreement with a prohibited foreign entity the estimated total contract cost, including variable, contingent, or sales-based payments, of which exceeds \$5,000,000.

(B) PROHIBITED FOREIGN ENTITY.—For purposes of subparagraph (A), the term “prohibited foreign entity” means—

(i) any foreign entity of concern (as defined in section 40207(a)(5) of the Infrastructure Investment and Jobs Act),

(ii) any entity with respect to which the government of a covered nation has the right or power (directly or indirectly) to appoint or approve the appointment of a covered officer, or

(iii) any entity 25 percent or more of the capital or profits interests of which are owned (directly or indirectly) in the aggregate by 1 or more of the following:

(I) A covered nation or an entity described in clause (i) or (ii).

(II) A citizen, national, or resident of a covered nation.

(III) An entity organized under the laws of a covered nation.

(C) COVERED OFFICER.—For purposes of this paragraph, the term “covered officer” means—

(i) any member of the board of directors, board of supervisors, or an equivalent governing body,

(ii) the president, senior vice president, chief executive officer, chief operating officer, chief financial officer, or general counsel, or

(iii) any individual who performs duties usually associated with a title listed in clause (i) or (ii).

(D) COVERED NATION.—For purposes of this paragraph, the term “covered nation” has the meaning given such term in section 4872(d) of title 10, United States Code.

(E) DRIVE BATTERY.—For purposes of this paragraph, the term “drive battery” means, with respect to a vehicle, the battery from which the electric motor of such vehicle draws electricity.

(e) CRITICAL MINERAL AND BATTERY COMPONENT REQUIREMENTS.—

(1) CRITICAL MINERALS REQUIREMENT.—

(A) IN GENERAL.—The requirement described in this subparagraph with respect to a vehicle is that, with respect to the battery from which the electric motor of such vehicle draws electricity, the percentage of the value of the applicable critical minerals (as defined in section 45X(c)(6)) contained in such battery that were—

(i) extracted or processed—

(I) in the United States, or

(II) in any country with which the United States has a free trade agreement in effect, or

(ii) recycled in North America,

is equal to or greater than the applicable percentage (as certified by the qualified manufacturer, in such form or manner as prescribed by the Secretary).

(B) APPLICABLE PERCENTAGE.—For purposes of subparagraph (A), the applicable percentage shall be—

(i) in the case of a vehicle placed in service after the date on which the proposed guidance described in paragraph (3)(B) is issued by the Secretary and before January 1, 2024, 40 percent,

- (ii) in the case of a vehicle placed in service during calendar year 2024, 50 percent,
- (iii) in the case of a vehicle placed in service during calendar year 2025, 60 percent,
- (iv) in the case of a vehicle placed in service during calendar year 2026, 70 percent, and
- (v) in the case of a vehicle placed in service after December 31, 2026, 80 percent.

(2) BATTERY COMPONENTS.—

(A) IN GENERAL.—The requirement described in this subparagraph with respect to a vehicle is that, with respect to the battery from which the electric motor of such vehicle draws electricity, the percentage of the value of the components contained in such battery that were manufactured or assembled in North America is equal to or greater than the applicable percentage (as certified by the qualified manufacturer, in such form or manner as prescribed by the Secretary).

(B) APPLICABLE PERCENTAGE.—For purposes of subparagraph (A), the applicable percentage shall be—

- (i) in the case of a vehicle placed in service after the date on which the proposed guidance described in paragraph (3)(B) is issued by the Secretary and before January 1, 2024, 50 percent,
- (ii) in the case of a vehicle placed in service during calendar year 2024 or 2025, 60 percent,
- (iii) in the case of a vehicle placed in service during calendar year 2026, 70 percent,
- (iv) in the case of a vehicle placed in service during calendar year 2027, 80 percent,
- (v) in the case of a vehicle placed in service during calendar year 2028, 90 percent,
- (vi) in the case of a vehicle placed in service after December 31, 2028, 100 percent.

(3) REGULATIONS AND GUIDANCE.—

(A) IN GENERAL.—The Secretary shall issue such regulations or other guidance as the Secretary determines necessary to carry out the purposes of this subsection, including regulations or other guidance which provides for requirements for recordkeeping or information reporting for purposes of administering the requirements of this subsection.

(B) DEADLINE FOR PROPOSED GUIDANCE.—Not later than December 31, 2022, the Secretary shall issue proposed guidance with respect to the requirements under this subsection.

(f) SPECIAL RULES.—

(1) BASIS REDUCTION.—For purposes of this subtitle, the basis of any property for which a credit is allowable under subsection (a) shall be reduced by the amount of such credit so allowed (determined without regard to subsection (c)).

(2) NO DOUBLE BENEFIT.—The amount of any deduction or other credit allowable under this chapter for a vehicle for which a credit is allowable under subsection (a) shall be re-

duced by the amount of credit allowed under such subsection for such vehicle (determined without regard to subsection (c)).

(4) PROPERTY USED OUTSIDE UNITED STATES NOT QUALIFIED.—No credit shall be allowable under subsection (a) with respect to any property referred to in section 50(b)(1).

(5) RECAPTURE.—The Secretary shall, by regulations, provide for recapturing the benefit of any credit allowable under subsection (a) with respect to any property which ceases to be property eligible for such credit.

(6) ELECTION NOT TO TAKE CREDIT.—No credit shall be allowed under subsection (a) for any vehicle if the taxpayer elects to not have this section apply to such vehicle.

(7) INTERACTION WITH AIR QUALITY AND MOTOR VEHICLE SAFETY STANDARDS.—A vehicle shall not be considered eligible for a credit under this section unless such vehicle is in compliance with—

(A) the applicable provisions of the Clean Air Act for the applicable make and model year of the vehicle (or applicable air quality provisions of State law in the case of a State which has adopted such provision under a waiver under section 209(b) of the Clean Air Act), and

(B) the motor vehicle safety provisions of sections 30101 through 30169 of title 49, United States Code.

(8) ONE CREDIT PER VEHICLE.—In the case of any vehicle, the credit described in subsection (a) shall only be allowed once with respect to such vehicle, as determined based upon the vehicle identification number of such vehicle, including any vehicle with respect to which the taxpayer elects the application of subsection (g).

(9) VIN REQUIREMENT.—No credit shall be allowed under this section with respect to any vehicle unless the taxpayer includes the vehicle identification number of such vehicle on the return of tax for the taxable year.

(10) LIMITATION BASED ON MODIFIED ADJUSTED GROSS INCOME.—

(A) IN GENERAL.—No credit shall be allowed under subsection (a) for any taxable year if—

(i) the lesser of—

(I) the modified adjusted gross income of the taxpayer for such taxable year, or

(II) the modified adjusted gross income of the taxpayer for the preceding taxable year, exceeds

(ii) the threshold amount.

(B) THRESHOLD AMOUNT.—For purposes of subparagraph

(A)(ii), the threshold amount shall be—

(i) in the case of a joint return or a surviving spouse (as defined in section 2(a)), \$300,000,

(ii) in the case of a head of household (as defined in section 2(b)), \$225,000, and

(iii) in the case of a taxpayer not described in clause (i) or (ii), \$150,000.

(C) MODIFIED ADJUSTED GROSS INCOME.—For purposes of this paragraph, the term “modified adjusted gross income” means adjusted gross income increased by any amount excluded from gross income under section 911, 931, or 933.

(11) MANUFACTURER'S SUGGESTED RETAIL PRICE LIMITATION.—

(A) IN GENERAL.—No credit shall be allowed under subsection (a) for a vehicle with a manufacturer's suggested retail price in excess of the applicable limitation.

(B) APPLICABLE LIMITATION.—For purposes of subparagraph (A), the applicable limitation for each vehicle classification is as follows:

- (i) VANS.—In the case of a van, \$80,000.
- (ii) SPORT UTILITY VEHICLES.—In the case of a sport utility vehicle, \$80,000.
- (iii) PICKUP TRUCKS.—In the case of a pickup truck, \$80,000.
- (iv) OTHER.—In the case of any other vehicle, \$55,000.

(C) REGULATIONS AND GUIDANCE.—For purposes of this paragraph, the Secretary shall prescribe such regulations or other guidance as the Secretary determines necessary for determining vehicle classifications using criteria similar to that employed by the Environmental Protection Agency and the Department of the Energy to determine size and class of vehicles.

(g) TRANSFER OF CREDIT.—

(1) IN GENERAL.—Subject to such regulations or other guidance as the Secretary determines necessary, if the taxpayer who acquires a new clean vehicle elects the application of this subsection with respect to such vehicle, the credit which would (but for this subsection) be allowed to such taxpayer with respect to such vehicle shall be allowed to the eligible entity specified in such election (and not to such taxpayer).

(2) ELIGIBLE ENTITY.—For purposes of this subsection, the term "eligible entity" means, with respect to the vehicle for which the credit is allowed under subsection (a), the dealer which sold such vehicle to the taxpayer and has—

(A) subject to paragraph (4), registered with the Secretary for purposes of this paragraph, at such time, and in such form and manner, as the Secretary may prescribe,

(B) prior to the election described in paragraph (1) and not later than at the time of such sale, disclosed to the taxpayer purchasing such vehicle—

- (i) the manufacturer's suggested retail price,
- (ii) the value of the credit allowed and any other incentive available for the purchase of such vehicle, and
- (iii) the amount provided by the dealer to such taxpayer as a condition of the election described in paragraph (1),

(C) not later than at the time of such sale, made payment to such taxpayer (whether in cash or in the form of a partial payment or down payment for the purchase of such vehicle) in an amount equal to the credit otherwise allowable to such taxpayer, and

(D) with respect to any incentive otherwise available for the purchase of a vehicle for which a credit is allowed under this section, including any incentive in the form of

a rebate or discount provided by the dealer or manufacturer, ensured that—

(i) the availability or use of such incentive shall not limit the ability of a taxpayer to make an election described in paragraph (1), and

(ii) such election shall not limit the value or use of such incentive.

(3) **TIMING.**—An election described in paragraph (1) shall be made by the taxpayer not later than the date on which the vehicle for which the credit is allowed under subsection (a) is purchased.

(4) **REVOCATION OF REGISTRATION.**—Upon determination by the Secretary that a dealer has failed to comply with the requirements described in paragraph (2), the Secretary may revoke the registration (as described in subparagraph (A) of such paragraph) of such dealer.

(5) **TAX TREATMENT OF PAYMENTS.**—With respect to any payment described in paragraph (2)(C), such payment—

(A) shall not be includible in the gross income of the taxpayer, and

(B) with respect to the dealer, shall not be deductible under this title.

(6) **APPLICATION OF CERTAIN OTHER REQUIREMENTS.**—In the case of any election under paragraph (1) with respect to any vehicle—

(A) the requirements of paragraphs (1) and (2) of subsection (f) shall apply to the taxpayer who acquired the vehicle in the same manner as if the credit determined under this section with respect to such vehicle were allowed to such taxpayer,

(B) paragraph (6) of such subsection shall not apply, and

(C) the requirement of paragraph (9) of such subsection (f) shall be treated as satisfied if the eligible entity provides the vehicle identification number of such vehicle to the Secretary in such manner as the Secretary may provide.

(7) **ADVANCE PAYMENT TO REGISTERED DEALERS.**—

(A) **IN GENERAL.**—The Secretary shall establish a program to make advance payments to any eligible entity in an amount equal to the cumulative amount of the credits allowed under subsection (a) with respect to any vehicles sold by such entity for which an election described in paragraph (1) has been made.

(B) **EXCESSIVE PAYMENTS.**—Rules similar to the rules of section 6417(d)(6) shall apply for purposes of this paragraph.

(C) **TREATMENT OF ADVANCE PAYMENTS.**—For purposes of section 1324 of title 31, United States Code, the payments under subparagraph (A) shall be treated in the same manner as a refund due from a credit provision referred to in subsection (b)(2) of such section.

(8) **DEALER.**—For purposes of this subsection, the term “dealer” means a person licensed by a State, the District of Columbia, the Commonwealth of Puerto Rico, any other territory or possession of the United States, an Indian tribal government,

or any Alaska Native Corporation (as defined in section 3 of the Alaska Native Claims Settlement Act (43 U.S.C. 1602(m)) to engage in the sale of vehicles.

(9) INDIAN TRIBAL GOVERNMENT.—For purposes of this subsection, the term “Indian tribal government” means the recognized governing body of any Indian or Alaska Native tribe, band, nation, pueblo, village, community, component band, or component reservation, individually identified (including parenthetically) in the list published most recently as of the date of enactment of this subsection pursuant to section 104 of the Federally Recognized Indian Tribe List Act of 1994 (25 U.S.C. 5131).

(10) RECAPTURE.—In the case of any taxpayer who has made an election described in paragraph (1) with respect to a new clean vehicle and received a payment described in paragraph (2)(C) from an eligible entity, if the credit under subsection (a) would otherwise (but for this subsection) not be allowable to such taxpayer pursuant to the application of subsection (f)(10), the tax imposed on such taxpayer under this chapter for the taxable year in which such vehicle was placed in service shall be increased by the amount of the payment received by such taxpayer.

(h) TERMINATION.—No credit shall be allowed under this section with respect to any vehicle placed in service after December 31, 2032.

VIII. DISSENTING VIEWS

HOUSE OF REPRESENTATIVES,
COMMITTEE ON WAYS AND MEANS,
Washington, DC, April 10, 2024.

DISSENTING VIEWS ON THE AMENDMENT IN THE NATURE OF A SUB-
STITUTE TO H.R. 7980, THE END CHINESE DOMINANCE OF ELECTRIC
VEHICLES IN AMERICA ACT

The Inflation Reduction Act of 2022 revamped and revitalized the clean vehicle credit to incentivize lower- and middle-income Americans to purchase and use new clean vehicles; promote resilient supply chains and domestic manufacturing; strengthen supply chains with trusted trading partners; and significantly reduce carbon emissions.

In implementing this important legislation through its electric vehicle credits guidance, the Administration struck a prudent balance between these competing goals. American manufacturers are responding. In fact, a recent report assessing domestic and international supply chains of critical battery materials found that, as of January 2024, 663 facilities across the battery supply chain are in various stages of development across the U.S., including 79 facilities for electrode and cell manufacturing and 63 facilities for battery-grade components manufacturing.¹

Republicans cannot deny the success of the Inflation Reduction Act in bringing these manufacturing facilities back to the United States. Indeed, this legislation is not a serious attempt at modifying the electric vehicles credit rules and gives no consideration balancing the interests at play. If Republicans were genuinely interested in reforming the electric vehicles credit, they would not have made multiple attempts to repeal it altogether prior to this markup.

Sincerely,

RICHARD E. NEAL,
Ranking Member.

¹Argonne National Laboratory, *Securing Critical Materials for the U.S. Electric Vehicle Industry*, February 2024.

CONGRESSMAN DONALD S. BEYER, JR., COMMITTEE ON WAYS AND
MEANS, MARKUP OF H.R. 7980

Thank you, Mr. Chairman and Ranking Member Neal.

Through the Inflation Reduction Act, President Biden, in partnership with Congressional Democrats, has made enormous progress in tackling climate change and spurred a boom in U.S. manufacturing, increasing wages, and creating over 270,000 high-quality jobs across the nation.

Treasury's proposed guidance that is at issue here strikes the right balance between accelerating the electrification of our passenger vehicle fleet, while also ensuring that U.S. workers and manufacturers lead the global transition to EVs.

Under President Biden's watch, EV sales have more than quadrupled, with over 4.5 million EVs currently on our roads. At that pace of acceleration, EVs are on track to make up half of new car sales by 2026, which is leading to a meaningful decline in our annual emissions and will make our economy far less vulnerable to global energy shocks.

While the EV market dramatically has expanded, the domestic EV supply chain has grown along with it.

The IRA turbocharged manufacturing and assembly of electric vehicles, battery fabrication, and mining and processing of critical minerals here at home. Over the last two years, nearly \$100 billion in private-sector investment has been announced across the U.S. electric vehicle and battery supply chains.

As of January 2024, 663 facilities throughout the battery supply chain are in various stages of development across the U.S., and production is expected to grow 28 times over by 2032 from 2021 levels.

The investments encouraged by the IRA are projected to create over 800,000 new, green jobs across the nation.

I understand the intent of the legislation before us and am encouraged that my Republican friends have moved from trying to repeal the IRA in its entirety and to block the benefits that are flowing to American workers and families.

It is an indication that while it took some time, my colleagues have begun to appreciate that many of the facilities springing up around the country due to the IRA and the jobs that stem from them are located in their own districts.

However, if enacted, this bill would materially slow the EV transition and set us back on meeting our climate goals, without doing much, if anything, to encourage additional domestic manufacturing.

Pulling the rug out from under the broader EV ecosystem by enacting this draconian measure will not hurt China—we will only hurt ourselves.

25

I urge my colleagues to oppose this bill.
Thank you.

DONALD S. BEYER, Jr.,
Member of Congress.

○