



House Budget Committee

SOUNDING THE ALARM: An Expensive Way to Achieve Higher EV Adoption

President Biden enacted two laws that he says will spur investment and adoption of electric vehicles, or “EVs.” New research shows that the benefits compared to the costs of these laws are significantly out of balance.

The Details:

Higher Costs...

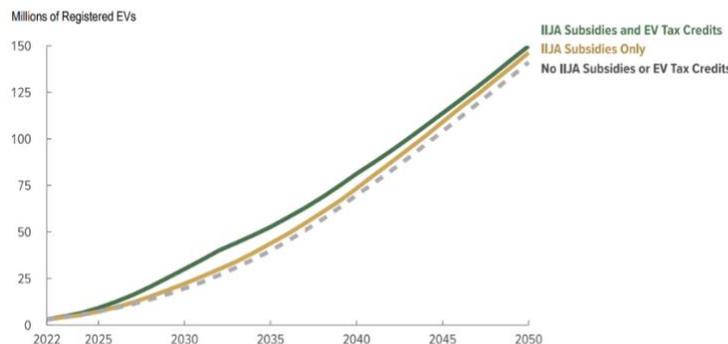
The Infrastructure Investment and Jobs Act of 2021 [provided \\$7.5 billion for development of new EV charging stations](#). Just one year after that law’s enactment, Democrats passed the so-called “Inflation Reduction Act” (IRA). The IRA modified the existing tax credit for new EVs (which provides benefits [up to \\$7,500](#)) to increase the quantity available for the purchase, and introduced a tax credit of [up to \\$4,000](#) for used EVs.

The nonpartisan Joint Committee on Taxation (JCT) originally estimated the 10-year costs of these two policies to clock in around \$22 billion. But preliminary updated modeling from JCT now pegs the two provisions to cost nearly \$110 Billion—over five times more than they were originally projected to cost.

...For Little Payoff

The nonpartisan Congressional Budget Office (CBO) recently analyzed how long it would take for these EV policies to make an impact. With these new subsidies in place, 40 million EVs may hit the road by 2032. But with no federal handouts, the same number of EVs will hit the road by 2035—a mere three-year difference. The two costly provisions have a small impact on their stated policy aims compared to the overall \$110 billion cost.

Median Projected Size of the Domestic EV Fleet for Vehicles of All Ages



Congressional Budget Office, *Projected Effects of Federal Policies on the Demand for Electric Vehicles and the Supply of Charging Stations*, July 5, 2023. https://www.cbo.gov/system/files/2023-07/59133_Austin.pdf

The Bottom Line: \$110 billion in subsidies and tax credits will only accelerate the attainment of 40 million EVs on the road by three years. Congress should eliminate these costly handouts and push back on liberal policies that make expensive investments with effectively zero impact.

