Edison Electric INSTITUTE

Support the EV Tax Credit – Pass the Driving America Forward Act

Electricity is a domestically produced transportation fuel that is transforming our nation's transportation sector. Expanding the use of electricity in transportation saves consumers money, improves the environment by reducing emissions, and enhances quality of life for everyone.

In 2008, Congress created the electric vehicle (EV) tax credit, helping to drive investments in transportation electrification. Since then, the EV market has grown, with more than 1.27 million EVs currently on U.S. roads. Still, this is a small percentage of the more than 270 million vehicles registered in the United States. For electric transportation to achieve its full benefits, significantly more EV sales are needed, yet challenges remain to expanding this market.

Under current law, the $7,500 EV tax credit begins to phase out once an automaker sells 200,000 qualifying EVs. Today, some automakers are approaching and exceeding this cap. The Driving America Forward Act (S.1094 & H.R. 2256) supports electric transportation by increasing the per-manufacturer cap on qualifying EVs by an additional 400,000 vehicles for all EV manufacturers. Expanding the EV tax credit will continue to spur growth and innovation in domestic manufacturing; enhance our nation's energy security; and reduce emissions and improve local air quality.

The EV Tax Credit Is A Key Policy That Is Helping to Drive EV Sales

- As of June 2019, more than 1.27 million EVs were on U.S. roads. In 2018, total U.S. EV sales were 81 percent greater than 2017 sales numbers. Approximately 85,000 EVs were sold in the second quarter of 2019 alone—a 23-percent increase compared to the second quarter of last year.
- According to a recent Argonne National Laboratory report, in 2018, approximately 68 percent of EVs purchased in the United States were assembled domestically. Only 52 percent of internal combustion engine vehicles were assembled in the United States.
- To continue to support domestic manufacturing and further grow the EV market, the EV tax credit needs to be expanded.

EVs Enhance U.S. Energy Security

- Electricity is a domestically produced fuel that will help transform our nation's transportation sector. Using existing technology and our energy grid infrastructure, we can diversify the transportation fuel mix to move both people and goods. This will usher in an era of clean transportation, reduce our dependence on foreign oil, and enhance the energy and economic security of the United States.
- EVs present a significant opportunity to improve U.S. energy security by reducing our vulnerability to oil price spikes and international volatility. The United States is the world's largest oil consumer. The U.S. transportation sector depends on oil for 92 percent of its fuel, consuming

70 percent of the nation's total oil usage. Approximately 70 percent of oil is used in the transportation sector, which currently is 92 percent dependent on oil as a fuel.

- EVs offer an affordable alternative to gasoline. Domestically produced electricity, on average, can power plug-in EVs at the equivalent of $1.21 per gallon of gasoline. Electricity prices are insulated from the global volatility that impacts gasoline prices, and cutting domestic oil consumption will help the United States maintain global competitiveness and protect national security.

EVs Are Reducing Emissions and Improving Local Air Quality

- The electric power industry is leading a clean energy transformation that has reduced the power sector's emissions significantly, while keeping electricity affordable and reliable.
- As of year-end 2018, our industry's carbon dioxide (CO_2) emissions were 27 percent below 2005 levels—nearly the lowest level in three decades.
- This impressive trend is expected to continue, as many EEI member companies—the nation's investor-owned electric companies—have announced significant voluntary commitments to further reduce CO_2 emissions by 2030 and 2050, many of which aim to reduce emissions 80 percent below 2005 levels by 2050.
- Total power sector CO_2 emissions have been lower than transportation sector emissions since 2016. Increasing electrification in the transportation sector would greatly reduce emissions of CO_2 and air pollutants, leveraging the power sector's significant emissions reductions.
- Reducing pollution from cars, trucks, and buses is important to help address local pollution, which disproportionally harms disadvantaged communities.
- The 1.27 million EVs on U.S. roads today already reduce 2.5 million metric tons of CO_2 annually, which is equivalent to eliminating the emissions from 2.8 billion gallons of gasoline or 58 million barrels of oil.

Congress Should Act Now to Pass S.1094/H.R. 2256, the Driving America Forward Act. Electric Transportation Is A Win for Our Communities, the Economy, the Environment, and National Security.

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