



May 20, 2020

The Honorable Mike Braun
374 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Braun,

On behalf of National Taxpayers Union, the nation's oldest taxpayer advocacy organization, I write to express our support for your legislation S. 3594, the "Ending the Electric Vehicle Entitlement for the Wealthy Act." This sensible proposal would institute pragmatic changes to the misguided Electric Vehicle (EV) tax credit - a handout in the tax code that distorts the automobile market and is an expensive subsidy for wealthy taxpayers. We are proud to endorse S. 3594 and urge all Senators to cosponsor this important legislation.

Under current law, the EV tax credit grants a taxpayer purchasing a qualifying vehicle a credit of up to \$7,500 off their federal tax bill. However, the tax credit disproportionately benefits high-income taxpayers compared to lower-income filers. According to the Joint Committee on Taxation, 78 percent of the individuals who receive the credit make more than \$100,000 per year. JCT also estimates the forgone revenue from EV tax credit will be \$7.5 billion between FY18 and FY22. Our tax code shouldn't offer subsidies, especially when they overwhelmingly benefit a select few wealthy individuals to subsidize purchases that would have occurred without the credit in place.

It's also important for our tax code to be as neutral as possible so that decisions are made on their economic merits, not with the government's thumb on the scale. The EV tax credit distorts the market by giving certain producers a competitive edge over their competitors who cannot offer a similar tax benefit.

Unfortunately, some in Congress want to expand the EV credit, creating a permanent carveout. Thankfully, your legislation takes the opposite approach. By imposing means-testing in order to be eligible for the credit, your legislation ensures that millionaires and billionaires aren't recipients of the credit.

In its current form, the EV tax credit program serves taxpayers poorly. It fails to effectively nudge consumers to purchase EVs, provides benefits disproportionately to wealthier Americans, and distorts the EV marketplace in favor of certain carmakers. We should continue on the path towards elimination of the EV tax credit, and use that revenue to expand tax relief to all taxpayers. NTU strongly supports your legislation and looks forward to working with you towards its enactment.

Sincerely,

Brandon Arnold
Executive Vice President