



To: Members of the Senate Committee on Finance

From: National Taxpayers Union

Date: May 26, 2021

Subject: Committee Markup of Amendments to S. 1298, the Clean Energy for America Act

I. Introduction and Key Taxpayer Considerations

Ahead of the Committee's May 26 markup of S. 1298, the Clean Energy for America Act and dozens of submitted amendments, National Taxpayers Union (NTU), the nation's oldest taxpayer advocacy organization, wishes to share our views on proposed amendments to the legislation. You can see our memo on the underlying legislation [here](#).

II. Amendments to S. 1298 That Senators Should Support

NTU urges Senators to support the following amendments to S. 1298. Some amendments are mutually exclusive, such as numerous amendments to limit eligibility for the EV credit. We urge lawmakers to prioritize amendments that reduce the deficit impact of the legislation to the maximum extent possible.

Repealing Anti-Growth Provisions of S. 1298

- **Toomey Amendment #5**, which would remove a provision from S. 1298 that repeals expensing for intangible drilling costs (IDCs). Expensing is the proper tax treatment for IDCs.
- **Barrasso Amendment #2**, which would strike all of the harmful tax changes from Title V that NTU [highlighted](#) in its previous memo on S. 1298.

Limiting Eligibility for the EV Credit

- **Grassley Amendment #1**, which would begin phasing out electric vehicle (EV) tax credits for households making more than \$82,445 per year, and would fully phase out EV credits for households making \$232,445 per year or more.
- **Cornyn Amendment #5**, which would require the Treasury Secretary to impose income threshold limits on who can claim the EV credit, similar to those for direct payments under the American Rescue Plan (ARP) Act.
- **Thune Amendment #3**, which would apply income limits to eligibility for the EV credit similar to those for direct payments under the American Rescue Plan (ARP) Act.

- **Toomey Amendment #1**, which would require a study from the Joint Committee on Taxation (JCT) regarding who currently benefits from the EV tax credit. If JCT affirms [prior research](#) that wealthy households disproportionately benefit, the EV credit (and the new credit in S. 1298) would be repealed (and removed).
- **Cassidy Amendment #3**, which would limit EV tax credit eligibility to only vehicles costing less than \$47,500.
- **Lankford Amendment #3**, which would prevent individuals with an adjusted gross income of \$539,000 per year or more from being eligible for the EV tax credit.
- **Lankford Amendment #4**, which would limit EV tax credit eligibility to only vehicles costing less than \$42,850.
- **Daines Amendment #3**, which would ensure that EV credit expansions are not made effective until the Treasury Department addresses issues with the current EV credit that has led to [tens of millions of dollars](#) in erroneous or improper payments.
- **Barrasso Amendment #6**, which would limit EV tax credit eligibility to joint filers making more than \$88,000 per year and single filers making more than \$44,000 per year.
- **Barrasso Amendment #7**, which would limit EV tax credit eligibility to only EVs less than \$50,000.

Identifying Offsets for the Bill's Deficit Impact

- **Cornyn Amendment #4**, which attempts to offset some of the [significant costs](#) of S. 1298 by making permanent the \$10,000 cap on state and local tax (SALT) deductions.
- **Daines Amendment #4**, which attempts to offset some of the [significant costs](#) of S. 1298 by extending for five years the \$10,000 cap on state and local tax (SALT) deductions.

Additional Amendments

- **Thune Amendment #2**, which would delay clean electricity credits until the administration certifies that it has made improvements to the wait time for approval of permits for significant electric projects. This is in line with [similar efforts](#) NTU has supported to improve the federal permitting process.
- **Toomey Amendment #2** is similar to Toomey Amendment #1, but applied to the Energy Efficient Home Improvement tax credit.

III. Amendments to S. 1298 That Senators Should Oppose

NTU urges Senators to oppose the following amendments to S. 1298:

- **Stabenow Amendment #1**, which would increase the value of EV credits without limiting eligibility for the six-figure households that [currently receive](#) nearly 80 percent of EV credits, and which also creates inefficient domestic assembly requirements for EV credit eligibility in five years that may cause EV prices to rise even further.

- **Casey Amendment #26**, which would increase the value of the investment tax credit and production tax credit “in the case of a facility which certifies the steel, iron, and manufactured products used in such facility were produced in the United States.” Lawmakers should promulgate policies that promote efficiency, cost savings, and international cooperation, and domestic content requirements and preferences undermine all of these goals.
- **Casey Amendment #5**, which would authorize up to \$200 million in funding for “designated regions” that has nothing to do with the underlying energy and climate initiatives of the legislation at hand.

IV. Contact Information

Should you have any questions about the recommendations in this memo, please do not hesitate to reach out to Andrew Lautz, Director of Federal Policy, at alautz@ntu.org.