

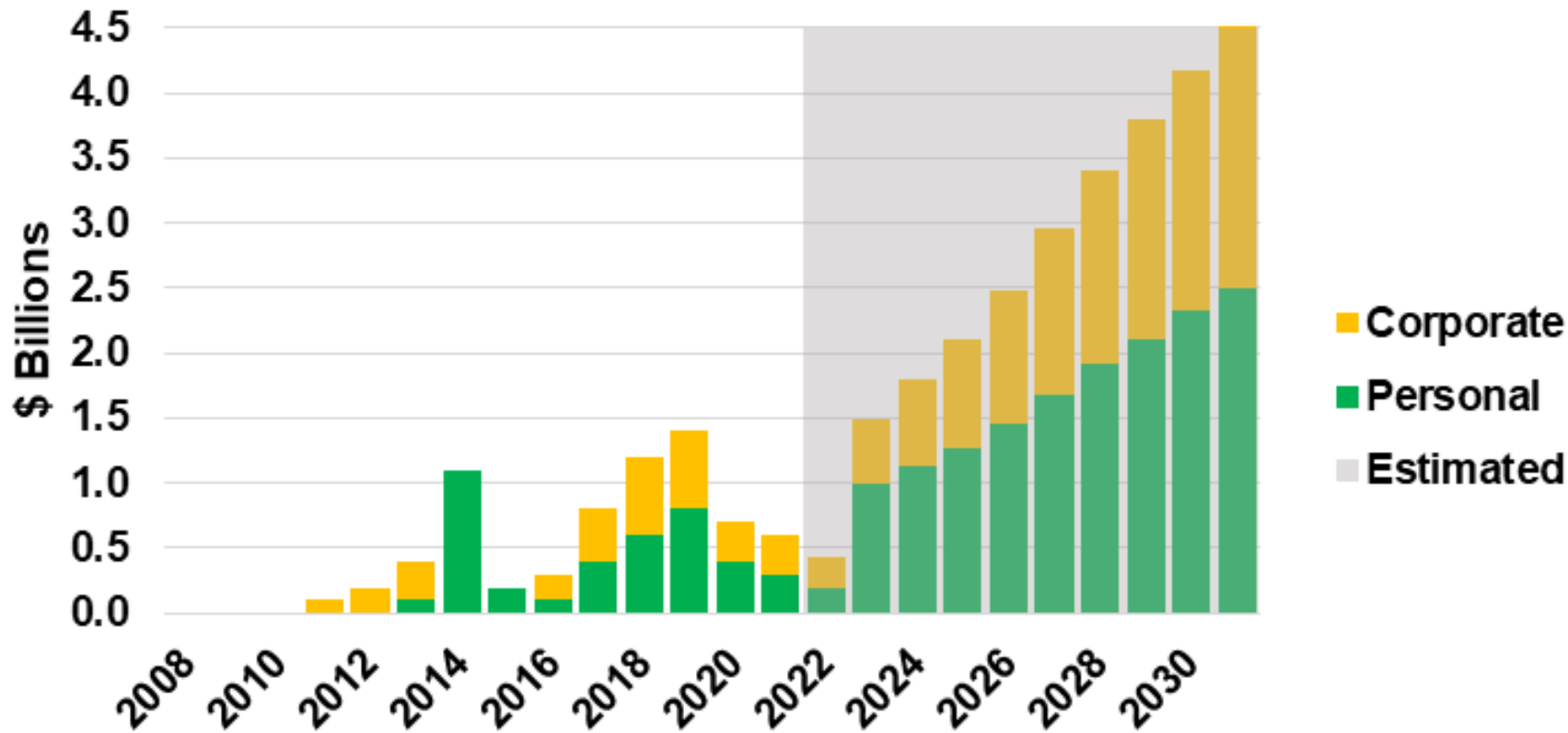


Chart of the Week #40
**Foregone Tax Revenues from
U.S. Federal Plug-in Electric
Vehicle Tax Credits**

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Foregone Tax Revenues from U.S. Federal Plug-in Electric Vehicle Credits



Analysis Based on JCT & CRS Data

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Through 2024, the U.S. Congressional Joint Committee on Taxation (JCT) projects that foregone tax revenues for EV Tax Credits has been \$7 billion.

If the EV Tax Credit portion of the Build Back Better Act were passed, total foregone tax revenues would \$27.1 billion for the period 2022 to 2031.

Foregone Tax Revenues from U.S. Plug-in Electric Vehicle Tax Credits



- The U.S. began providing plug-in Electric Vehicle (EV) Tax Credits in the late 2000s.
- From 2008 through 2021, the U.S. Congressional Joint Committee on Taxation (JCT) estimates that foregone tax revenues from EV Tax Credits to be a total of \$7 billion of which \$4 billion has been for individuals and \$3 billion for corporate owners. At an average tax credit of \$7,500 per EV, this would indicate that about 933,000 EV owners have been the beneficiary of this program.
- The Build Back Better Act (BBB) as passed by the U.S. House of Representatives has expanded the availability of EV Tax Credits. For the period 2022-2031, the JCT estimates that the value of the foregone tax revenue totals \$27.1 billion of which \$15.6 would be for individuals and \$11.6 would be for corporate owners.
- The proposed rates range from \$3,500 to \$12,500 per vehicle. This would imply that between 2.15 and 7.75 million EVs would be eligible for the BBB Tax Credits.
- While it appears that the U.S. Senate will not pass BBB in its current form, new EV Tax Credit legislation could be introduced in the next session of the U.S. Congress that is equivalent to the BBB EV Tax Credit provisions.
- The U.S. Congressional Joint Committee on Taxation (JCT) stresses that these are estimates. In addition, the JCT advises that various categories of foregone tax revenues should not be summed due to potential interaction effects. These interaction effects could lead to significant discrepancies in tax revenue loss estimates.
- This slide deck is available at: <https://eprinc.org/chart-of-the-week/>
- For more information on this chart, please contact Max Pyziur (maxp@eprinc.org).