

# NATIONAL REVIEW

## Biden Electric-Vehicle Subsidies: A ‘Green’ Giveaway to the Rich

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Regardless of party affiliation, few Americans support taxpayer subsidies for the rich and well-off. But if you look closely at his plans for electric vehicles, that’s exactly what President Biden is currently promoting.

The president included a whopping \$174 billion for electric-vehicle subsidies in his \$2 trillion “infrastructure” proposal. And in a recent speech, Biden argued that “the future of the auto industry is electric. . . . There’s no turning back.” He went on to insist that “we have to look forward. . . . That means new purchasing incentives for consumers to buy clean vehicles like the electric Ford 150 — a union-made product — right here in America.”

This vision of government-led innovation spurring a green-technology renaissance to the benefit of all sounds nice, at least at first glance. But the truth is Biden’s proposed “green” spending binge amounts to nothing more than a taxpayer-financed handout to environmentally conscious rich people.

To understand why, consider the consumer-focused approach to subsidizing electric vehicles the president has in mind. His remarks and White House releases alike constantly refer to “purchasing incentives,” which is just politician-speak for tax money subsidizing consumption — in this case, subsidies for purchases of new electric vehicles.

That’s a pretty wealthy demographic. For one, most working-class Americans buy used cars, not new ones. And electric vehicles are still significantly more expensive than traditional ones, further narrowing the purchasing pool to well-off folks.

Just think about it like this: Have you ever seen a poor person driving a Tesla? Or a working-class person behind the wheel of a Prius?

We don’t have to speculate about who would benefit from Biden’s increased electric-vehicle subsidies — current federal subsidies largely end up in the pockets of the rich. Yes, there already

exists a federal tax credit for plug-in electric vehicles. Taxpayers can claim a credit of up to \$7,500 for qualifying purchases.

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Despite Biden's rhetoric, it isn't the working class that has made use of this existing program, at least to any meaningful degree. According to the Congressional Research Service, nearly 80 percent of the tax credit's beneficiaries in 2016 had incomes of more than \$100,000, while 7 percent of those who benefited from the carve-out were millionaires. And per IRS data, 62 percent of 2018 beneficiaries had incomes exceeding \$200,000.

It's clear that the existing program overwhelmingly benefits the well-off. Under the circumstances, it seems reasonable to expect that Biden's expansion of it would largely be more of the same.

There are several other difficulties with the president's proposal to throw money at the electric-vehicle market.

For one, the existing tax-credit program has serious problems. A 2019 report from the Treasury Department concluded that the Internal Revenue Service "does not have effective processes to identify and prevent erroneous claims." The report found that the current system has resulted in at least 16,510 taxpayers receiving a whopping \$73.8 million in potentially erroneous subsidies.

Moreover, further expanding electric-vehicle subsidies would skew the transportation system in favor of wealthier taxpayers. Right now, we have federal gas taxes and other taxes on fuel that are used to finance roads, highways, and infrastructure. But electric-vehicle owners drive on these same roads without contributing to all of these taxes. To be sure, there have been proposals to change or supplement the existing fuel-tax regime, but, for now anyway, further subsidizing and hastening the purchase of electric vehicles by wealthy consumers shifts more of the tax burden for road upkeep onto lower-earning Americans.

Of course, if the president's proposal would truly save the day when it comes to climate change, perhaps it could be argued that the downsides are all worth it. But it's hard to see how it would make any difference at all.

According to the Cato Institute, American passenger vehicles are responsible for only roughly 2.4 percent of global carbon emissions. Eliminating that 2.4 percent in its entirety would be unlikely to make much of a difference to the outlook for the climate, and Biden's subsidy binge certainly wouldn't do that. Not everyone would switch even with massive subsidies, and electric vehicles run on . . . well, electricity — which still mostly comes from fossil-fuel sources.

To be clear, there's nothing wrong with electric cars. Hopefully, the technology will continue to develop, and anyone who wants to buy one should feel free to do so. What is wrong is forcing taxpayers to pick up the tab.

The only upside of this plan to spend hundreds of billions of our money on electric-vehicle subsidies is political. It will secure Biden applause from the environmentalist Left. But taxpayers shouldn't be on the hook for a useless "green" giveaway to the well-off just because it might boost the president in the polls.