



March 3, 2020

Letter of Opposition to Possible EV Tax Credit Expansion and HFCs Amendments to the American Energy Innovation Act, S. 2657

On behalf of FreedomWorks' activist community, I urge you to contact your senators and ask them to oppose amendments to the American Energy Innovation Act, S. 2657, which relate to either expanding the cronyist and ineffective electric vehicle (EV) tax credit or limiting the production of hydrofluorocarbons (HFCs), which pushes the use of substantially more expensive substitute refrigerants.

We consistently stand by the assertion that all are worse off when the government chooses winners and losers in the economy. With both the EV tax credit and the limitation of HFCs, the government is doing just that, which prevents the market from working to increase competition, lower costs, and produce better products.

It is expected that an amendment or amendments will be offered to expand the EV tax credit. As we have said before, this tax credit is exceedingly regressive in nature and has been nothing but a rent-seeking scheme. While the intention of the tax credit was to make EVs more affordable for average Americans, this has not turned out to be the case -- or even close to it. A study from the Pacific Research Institute found that nearly 80 percent of those benefiting from the EV tax credit are from households that have incomes above \$100,000.

Not only is the EV tax credit an obvious giveaway to the wealthy, then, but it also falls on the backs of those average Americans it was designed to benefit to foot the bill for the giveaway. Furthermore, the environmental benefits of EVs are more than questionable. As the World Economic Forum explains, "raw materials needed for batteries are extracted at a high human and environmental toll. This includes, for example, child labour, health and safety hazards in informal work, poverty and pollution."

Instead of expanding a regressive tax credit that does little to nothing for the environment, Congress should level the tax code to treat all Americans across the country and all products across industries equally. This would mean repealing the EV tax credit, not expanding it.

With regard to hydrofluorocarbons, an amendment or amendments are expected to be offered based on the American Innovation in Manufacturing Act, S. 2754, which would mandate a push to draw down production of HFCs in favor of other substitutes that are supposed to be more environmentally friendly. HFCs are the refrigerants used in a huge portion of cars, refrigerators, and some air conditioners all across the country (and the world). Forcibly phasing these out would impose major costs on both new refrigeration equipment and repairs to existing ones.

Consumer consciousness has already caused alternatives to HFCs to hit the market, and it would be best to let people's preferences sort out a potential transition rather than enforcing it by fiat. This is especially true since the current best substitute is massively (as much as 10 times) more expensive. The cost of transitioning to the new refrigerants will necessarily be passed on to consumers in the form of higher prices for air conditioning, automobiles, and any other product that relies on refrigeration using HFCs -- a regressive penalty on average consumers.

Should amendments regarding the EV tax credit or HFCs receive votes during consideration of the American Energy Innovation Act, FreedomWorks reserves the right to score such votes on our 2020 Congressional Scorecard and reserves the right to score others. The scorecard is used to determine eligibility for the FreedomFighter Award, which recognizes members of the House and Senate who consistently vote to support economic freedom and individual liberty.

Sincerely,

A handwritten signature in black ink, appearing to read 'Adam Brandon', with a stylized, flowing script.

Adam Brandon
President, FreedomWorks