

David Trone voted for a bill that raises hundreds of billions of dollars in new taxes to pay for tax credits to help wealthy people buy luxury electric cars and luxury electric SUVs.

BACKUP:

On August 12, 2022, David Trone voted Yea on H.R. 5376, the Inflation Reduction Act of 2022:

- **On August 12, 2022, David Trone voted Yea on H.R. 5376, the Inflation Reduction Act of 2022.** (H.R. 5376, [Roll Call 420](#), Passed 220-207-4: R 0-207-4, D 220-0, David Trone Voted Yea, 8/12/2022)

The Tax Foundation estimates that the Inflation Reduction Act will gross hundreds of billions of dollars in tax revenue for the government from 2022 to 2031:

***Editor's Note:** The Tax Foundation is an independent tax policy 501(c)(3) nonprofit.*

- **The Tax Foundation estimates that the tax provisions in the Inflation Reduction will gross the government \$676 billion but will net only \$324 billion after accounting for tax credits.** “Our analysis contains estimates of the budgetary, economic, and distributional impacts of the Inflation Reduction Act as specified in bill text that was amended and passed in the Senate on August 7 and agreed upon in the House on August 12. Using the General Equilibrium Model, we estimate that the tax provisions, IRS enforcement, and drug pricing provisions in the bill would increase federal revenues by about \$676 billion over the budget window, before accounting for \$352 billion in expanded tax credits for individuals and businesses, resulting in a net revenue increase of about \$324 billion from 2022 to 2031.” (Alex Durante, et. al., “Details & Analysis of the Inflation Reduction Act Tax Provisions,” [The Tax Foundation](#), 8/12/2022)
 - **The Tax Foundation estimates that the Inflation Reduction Act will reduce the deficit by \$224 billion.** “We estimate that the bill would result in a \$224 billion reduction in the deficit (including interest payments) during the first decade and continue to reduce deficits thereafter, leading to a decrease in payments to foreign owners of the national debt and a 0.1 percent increase in long-run GNP. We treat the nontax outlays as transfer payments with no associated impact on the economy in the long run.” (Alex Durante, et. al., “Details & Analysis of the Inflation Reduction Act Tax Provisions,” [The Tax Foundation](#), 8/12/2022)

New taxes imposed by the Inflation Reduction Act are meant to offset the cost of government spending, including up to \$7,500 electric vehicle tax credits:

- **The University of Pennsylvania Wharton School of Business’s analysis of the Inflation Reduction Act concludes that the Inflation Reduction Act’s electric vehicle incentives**

are offset by impositions of new taxes. “In line with the previously released version of the bill, the Act provides for new spending and tax incentives related to the adoption of clean energy technology, both at the industrial and consumer level. It extends a temporary expansion of Affordable Care Act (ACA) health insurance subsidies for an additional two years. To offset these deficit-increasing initiatives, the bill imposes new taxes on certain businesses, reduces government outlays on prescription drugs through pricing reforms.” (Jon Huntley, John Ricco, and Alex Arnon, “SENATE-PASSED INFLATION REDUCTION ACT: ESTIMATES OF BUDGETARY AND MACROECONOMIC EFFECTS,” [U. Penn Wharton School of Business](#), 8/12/2022)

***Editor’s Note:** The new electric vehicle tax credit would be unavailable to single tax filers with modified adjusted gross income above \$150,000. For married couples filing jointly, the income limit is \$300,000, and for individuals who file as head of household, \$225,000.*

- **The Inflation Reduction Act includes a \$7,500 tax credit for those who purchase a new electric vehicle.** “Meanwhile, another modification included in the bill is good news for some electric vehicle manufacturers. Basically, the existing \$7,500 credit was authorized in 2008 and 2009 legislation with the intention of spurring adoption of electric cars. Part of that included a phase-out of the tax credit once a manufacturer reached 200,000 of the vehicles sold.” (Sarah O’Brien, “Buying a car and want to go electric? Inflation Reduction Act extends \$7,500 tax credit – but with price, income caps,” [CNBC](#), 8/10/2022)
 - **A senior equity analyst says that the brand new electric vehicle tax credit availability is inherently restrictive to those in higher income brackets.** “‘First, in order to qualify, there are price and income restrictions,’ said Seth Goldstein, a senior equity analyst at Morningstar... ‘What we’ve seen is that many [electric vehicles] are luxury autos,’ Goldstein said. ‘And buyers of those are in higher income brackets, so that limits right away the ability to qualify for the tax credit.’” (Sarah O’Brien, “Buying a car and want to go electric? Inflation Reduction Act extends \$7,500 tax credit – but with price, income caps,” [CNBC](#), 8/10/2022)

***Editor’s Note:** The used electric car tax credit would be unavailable to individual filers with an income above \$75,000. For married couples filing jointly, the cap is \$150,000 and \$112,500 for heads of household.*

- **The used vehicle tax credit would be at most, \$4,000.** “For used electric vehicles to qualify, the car would need to be at least two model years old, among other restrictions. The credit would be worth either \$4,000 or 30% of the auto’s price – whichever is less – and the price cap would be \$25,000.” (Sarah O’Brien, “Buying a car and want to go electric? Inflation Reduction Act extends \$7,500 tax credit – but with price, income caps,” [CNBC](#), 8/10/2022)

The up-front cost of electric cars is still too high for many working-class Americans:

- ***New York Times HEADLINE: Electric Cars Too Costly for Many, Even With Aid in Climate Bill.*** (Jack Ewing, “Electric Cars Too Costly for Many, Even With Aid in Climate Bill,” [New York Times](#), 8/9/2022)

Electric Cars Too Costly for Many, Even With Aid in Climate Bill

Battery-powered vehicles are considered essential to the fight against climate change, but most models are aimed at the affluent.

(Jack Ewing, “Electric Cars Too Costly for Many, Even With Aid in Climate Bill,” [New York Times](#), 8/9/2022)

- **Current supply chain bottlenecks are making the sticker price of electric vehicles higher.** “The bottlenecks will take years to unclog. Carmakers and suppliers of batteries and chips must build and equip new factories. Commodity suppliers have to open new mines and build refineries. Charging companies are struggling to install stations fast enough. In the meantime, electric vehicles remain largely the province of the rich.” (Jack Ewing, “Electric Cars Too Costly for Many, Even With Aid in Climate Bill,” [New York Times](#), 8/9/2022)
 - **Market forces are keeping the price of electric vehicles high, as those who can afford luxury electric vehicles right now are already buying them, keeping supply low and accessibility of relatively older generations of technology out of reach.** “Strong demand for electric vehicles from affluent buyers means that carmakers have little incentive to sell cheaper models. For low- and middle-income people who don’t have their own garages or driveways, another obstacle is the lack of enough public facilities to recharge... To some extent, the carmakers are following their usual game plan. They have always introduced new technology at a luxury price. With time, the features and gadgets make their way into cheaper cars.” (Jack Ewing, “Electric Cars Too Costly for Many, Even With Aid in Climate Bill,” [New York Times](#), 8/9/2022)
 - **“With so much demand, carmakers have little reason to target budget-minded buyers.”** (Jack Ewing, “Electric Cars Too Costly for Many, Even With Aid in Climate Bill,” [New York Times](#), 8/9/2022)
 - **“The supply of secondhand vehicles will grow over time, Mr. Case said. He noted that the Model 3, which has sold more than any other electric car, became widely available only in 2018. New-car buyers typically keep their vehicles three or four years before trading them in.”** (Jack Ewing, “Electric Cars Too Costly for Many, Even With Aid in Climate Bill,” [New York Times](#), 8/9/2022)

- **Innovations in the electric vehicle market are eventually coming.** “Companies working on these advanced technologies argue that they will ultimately reduce costs for everyone by packing more energy into smaller packages. A smaller battery saves weight and cuts the cost of cooling systems, brakes and other components because they can be designed for a lighter car.” (Jack Ewing, “Electric Cars Too Costly for Many, Even With Aid in Climate Bill,” [New York Times](#), 8/9/2022)

- **Domestic sourcing requirements in the Inflation Reduction Act means fewer cars are eligible for the tax credit.** “But automakers have complained that the credit would apply to only a narrow slice of vehicles, at least initially, largely because of domestic sourcing requirements. And experts say broader steps are needed to make electric cars more affordable and to get enough of them on the road to put a serious dent in greenhouse gas emissions.” (Jack Ewing, “Electric Cars Too Costly for Many, Even With Aid in Climate Bill,” [New York Times](#), 8/9/2022)