OPINION

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PRO-CON

Is scrapping a $7,500 tax credit for electric car buyers a good idea?

AP Photo/Don Ryan

A line of electric cars and newly installed charging stations in front of the Portland General Electric headquarters building in 2015.

PRO: Uncle Sam plays taxpayers for suckers by subsidizing the ultra-rich

WASHINGTON — Relatively few Americans have electric cars. But every American taxpayer has helped pay to buy them and keep them on the road.

That's because Uncle Sam subsidizes those buying electric vehicles with a $7,500 tax credit. Add in-state and local government incentives and the “free money” can easily top 10 grand. And it keeps flowing in the form of perks like subsidized charging stations and access to HOV lanes.

Who benefits most from these government giveaways? Primarily people who don't need help buying a car.

The Congressional Research Service reports that filers with an adjusted gross income of $100,000 or more claimed 78 percent of the tax credits in 2016. Clearly, it's a subsidy for the well-to-do.

The subsidy has helped prop up electric vehicle sales, but has done little to reduce carbon emissions or wean America off foreign oil — the two big selling points when Congress approved the giveaway.

Jonathan Lesser, an economist at Continental Resources, found negligible climate impact from increased adoption of electric vehicles — now or in the future.

Based on the Energy Information Administration's sales projections for electric vehicle sales and use, Lesser calculates that “the net reduction in carbon dioxide emissions between 2018 and 2050 would be only about one-half of 1 percent of total forecast U.S. energy-related carbon emissions.”

Such a small reduction in emissions would have a practically undetectable effect on global temperatures.

Dependence on foreign oil is no longer a problem, but that's because of the domestic energy boom created by smart extraction technologies.

When President George W. Bush OK'd tax credits for plug-in electrics in 2008, America was producing 5 million barrels of crude oil per day. Today, we're producing more than twice that amount.

In December, for the first time in more than 35 years, the U.S. exported more oil and refined petroleum products than it imported.

The tax credit reflects an “infant industry” rationale: to help a new, innovative technology get off the ground, then let it fly on its own. That's why the credit covers each manufacturer's first 200,000 sales, then begins to phase out.

Tesla and GM are now in the phase-out period, which is why the two automakers are pushing lawmakers to lift the cap.

Are electric vehicles still in their infancy? Even when the credit was created, the concept was anything but new.

Electric vehicles debuted in the U.S. in 1896. By the early 1900s, they accounted for nearly a third of all vehicles on the road.

The Ford Model T changed all of that, but electric vehicles enjoyed blips of popularity in the 1970s and '90s, too.

Nicolas Loris

Today, the industry is quite mature, with more than 40 different vehicles available — about a quarter of them with a battery range exceeding 200 miles.

Any rationale for the subsidy is long gone. But subsidies are notoriously hard to eliminate in a town where politicians, lobbyists and special interests groups thrive on trading favors.

That's unfortunate, because government subsidies are no recipe for long-term success in any industry. Reliance on preferential treatment from Washington actually stifles competition and innovation — the things that improve products and drive down sticker prices.

It's time to pull the plug on electric vehicle subsidies, as well as subsidies for oil, biofuels and all other energy sources.

Americans drive more than 3 trillion miles each year and spend hundreds of billions of dollars on gasoline. That translates into a huge market demand for cost-efficient vehicles and fuel — and plenty of incentive enough to spur competition and innovation in the industry.

And taxpayers should be able to purchase the car that best suits their means and their needs — without nudging from Washington and without having to subsidize purchases by those better off than themselves.

Nicolas Loris is an economist specializing in energy and environmental policy at Heritage Foundation, a think tank based in Washington, D.C.

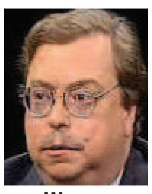
CON: Trump's decision to dump electric car subsidy would damage global ecosystem

TAMPA, Fla. — President Donald Trump can pound his chest for not only scrapping America's participation in the Paris Climate Accord, but also for killing the electric car.

The administration that favors further damage to the global ecosystem with its unbridled support for fossil fuels in their solid, liquid and gaseous forms saw Tesla buyers as the first to lose their $7,500 federal tax credit in January.

Tesla tried to make up for the financial body blow by reducing the price of its vehicles by $2,000, but for many potential Tesla customers, this year's tax credit of $3,750 was the defining moment in the decision to buy a Tesla.

With no tax credit offered next year, many potential Tesla buyers will find the well-known electric vehicle far too costly to purchase — never mind their ideological commitment to a green planet.



Wayne Madsen

The elimination of the federal electric vehicle tax credit represents another body blow to the clean and smart energy sector in the United States and a huge gift for the climate-damaging fossil fuel industry.

Even the might of General Motors, Tesla's partner in manufacturing zero-emission vehicles, was not enough to fend off the fossil fuel interests who seem to have the Trump Administration in a vise grip.

The Tesla-GM partnership is a far cry from the 1990s, when GM manufactured an electric vehicle destined for failure in the eyes of the consumer. GM's unpopular EV1 was a sacrificial lamb and GM's ruse was featured in the 2006 documentary, “Who Killed the Electric Car?”

Today, it is Donald Trump who wants to kill the new and more popular versions of the electric car. The next electric vehicles on the tax credit chopping block are the Chevrolet Bolt EV and models manufactured by Ford, Toyota, Nissan, Volkswagen, Volvo, Daimler, BMW, Audi, Fiat-Chrysler and Honda.

The Trump administration's policy on tax credits for zero-emission vehicles is another lesson in con-artistry. While Trump seeks to damage the zero-emission vehicle industry in the United States through pulling back tax incentives for potential buyers, China, the United Kingdom, India and Norway are pushing goals that envisage all electric vehicles on their roads in the not-so-distant future.

Trump has imposed tariffs on China that are as damaging to American farmers and manufacturers as they are to the Chinese. However, when it comes to advancing the Chinese electric vehicle battery industry, Trump said nothing as a Hong Kong-based firm, Frontier Services Group, established a $500 million investment fund to mine rare-earth and other vital minerals in Africa.

Such essential minerals, including cobalt, molybdenum, manganese, aluminum, iron phosphate, nickel, copper, lithium and columbite-tantalite, are required to manufacture lithium-ion and other batteries used in electric vehicles.

Not so coincidentally, Frontier Services Group is run by Blackwater mercenary company founder and Trump presidential campaign adviser Erik Prince, the brother of Betsy DeVos, Trump's education secretary.

While the American electric vehicle industry is taking it on the chin from the Trump administration, his cronies stand to make a handsome profit from assisting the burgeoning Chinese electric vehicle industry, which hopes to see 39 percent of all Chinese drivers buying Chinese-made electric vehicles by 2030.

When it comes to adopting a trade policy that favors American manufacturers, Trump is asleep at the wheel, with financial advisers like Treasury Secretary Steve Mnuchin, economic advisers Larry Kudlow and Kevin Hassett, and Commerce Secretary Wilbur Ross shouting misleading directions into his ear.

The loss of federal tax credits for the electric vehicle have already prompted a drop-off in consumer interest. Some states, including California, are desperately trying to avoid a second kill-off of the electric car by offering tax credits at the point of sale.

While helpful, the states cannot hope to make up for the loss of the federal tax credit. The White House must wise up and do so fast.

Wayne Madsen is a progressive journalist whose columns have been published by American and European newspapers.