
New analysis has found that a Senate plan to extend the federal electric vehicle (EV) tax credit would cost taxpayers as much as \$16 billion over the next decade, money that in recent years has largely gone toward the purchase of luxury electric vehicles.

The [new report by Ernst & Young](#) evaluates the cost of the Driving America Forward Act (S. 1094), a bill seeking to extend the EV tax credit, which is set to expire this year due to rising EV sales.

“This study confirms that expanding the EV tax credit would make an already expensive and inefficient policy even more burdensome for U.S. taxpayers,” said Chet Thompson, AFPM’s president and chief executive officer [in a comment to Bloomberg](#). “Simply put, working families should not be asked to subsidize luxury vehicles for the wealthiest among us.”

Previous research has shown that more than 90 percent of EV tax credits go to the top 20 percent of earners nationally, according to the University of California at Berkeley’s Energy Institute.

The [Congressional Research Service](#) has found that more than 75 percent of EV tax credit recipients make more than \$100,000 per year. Roughly half of EV sales occur in California.

According to the new Ernst & Young report:

- Extending the EV tax credit, as outlined in S. 1094, would cost \$6.3 billion in the first five years (2019 – 2023) and close to \$16 billion in the first decade (2019 – 2028).
- More Teslas receive subsidies than any other EV, and on average, they cost more than \$60,000, per 2018 data.
- S. 1094 will have minimal impact on spurring new EV sales, yet it will come with a multi-billion-dollar price tag.
 - In 2020, it’s expected that only 14 percent of EV sales will take place because a tax credit is offered. However, the remaining 86 percent of EV purchases will be eligible for the benefit even though it had no bearing on the actual decision to purchase.
 - For just those vehicles sold because of a tax credit, the Stabenow bill represents per-vehicle costs of \$23,000 to nearly \$34,000 depending on the year of purchase.

These cost implications are important to keep in mind as discussions about the Driving America Forward Act continue. As this latest research shows, expanding the EV tax credit will cost

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