AMERICANS for TAX REFORM

AMERICAN ASSOCIATION of SENIOR CITIZENS

AMERICAN COMMITMENT

ACI

AEA AMERICAN ENERGY ALLIANCE

AMERICANS FOR PROSPERITY

CFE CENTER FOR A FREE ECONOMY

Center for Freedom and Prosperity

CFIF CENTER FOR INDIVIDUAL FREEDOM

THE CLUB FOR GROWTH

April 30, 2025

Dear Members of Congress,

We, the undersigned organizations, are writing in support of repealing the *Inflation Reduction Act's* (IRA) green new deal subsidies to pay for tax cuts in reconciliation.

As the cost of the IRA's market-distorting energy subsidies accelerate, Congress can put an end to bad policy while delivering tax cuts to all Americans.

Failure from Congress to pass tax cuts would result in the expiration of several of the Tax Cuts and Jobs Act's (TCJA) provisions – the largest tax increase in American history: the standard deduction (claimed by 90 percent of Americans) would be halved, a family of four earning $80,610 would see a $1,695 tax hike, and more than 26 million small business would be hit with a 43.4 percent tax rate.

Lawmakers, in compliance with the Byrd rule, are in the process of finding ways to "pay for" extending the TCJA's tax cuts and President Trump's other, important initiatives. We assert that tax hikes are not the answer. After all, roughly 70 percent of the corporate tax, for example, is borne by workers through lower pay and less jobs while roughly 30 percent of the tax falls on consumers through higher prices.

Rather than entertaining anti-growth tax hikes on businesses, Biden's disastrous green energy subsidies could pay for a significant portion of President Trump's agenda and their repeal would restore a freer market in the U.S. energy sector, ensuring more affordability, reliability, and innovation.

The cost of the IRA's Green New Deal subsidies has become unsustainable. The IRA created or expanded several energy subsidy provisions: four clean vehicle credits, residential clean energy credit, energy efficient home credit, clean hydrogen production credit, clean electricity production tax credit, advanced energy project credit, etc.

When passed, the Congressional Budget Office (CBO) and Joint Committee on Taxation (JCT) estimated that energy-related IRA subsidies would cost about $370 billion over a ten year window. Just two years later, the CBO *itself* puts the cost at over double its original estimate – $786 billion.

Worse, in April 2023, the Penn Wharton Budget Model, which initially estimated $384.9 billion over ten years, updated their estimate to $1.05 trillion over ten years for just the climate and energy provisions.

As of November 2024, the U.S. Department of the Treasury expenditures report now estimates that the IRA green credits will cost $1.16 trillion from 2025 to 2034.

Most recently, in March 2025, the Cato Institute released a policy analysis finding the upper bound cost of the IRA green credits to be $1.97 trillion over ten years.

Because repealing a credit doesn't necessarily raise what the credit costs, the Tax Foundation estimates that repealing the green new deal credits would raise $851 billion over the 2025 to 2034 budget window.

The IRA's green new deal subsidies are bad policy. Green energy credits distort the market, threatening affordability, reliability, and innovation. They also overwhelmingly benefit the wealthy in blue states.

The massive subsidies for "clean" energy cause producers to create more electric supply than there is demand – artificially driving down the price of energy, making the market uneconomical for producers using other methods of electricity generation. Of course, while "low prices" sound nice in the beginning, this distortion causes consistent and affordable energy generation producers to shut down. In the long run, we are left with less producers (concentrated in wind and solar), which ultimately means higher prices for less reliable forms of energy.

The massive subsidies for "clean" energy cause producers to create more electric supply than there is demand during certain hours of the day – that artificially drives down the price of energy at those times undercutting the ability of reliable baseload and dispatchable generators to recoup costs. This distortion causes consistent and affordable energy generation producers to charge more and, increasingly, shut down altogether. In the long run, we are left with less available reliable power, as we saw in Spain and Portugal this week, which ultimately means higher prices for *less* reliable forms of energy.

The subsidization of these existing technologies discourages people from exploring new, innovative forms of energy generation, as producing "clean" energy is already so artificially lucrative. Such a heavy, one-sided incentive structure ultimately handicaps innovation.

Additionally, data from JCT reveals EV subsidies overwhelmingly benefit the rich. Surely, these tax savings would be better spent ensuring low rates for Americans in all income brackets.

More than 83 percent of current EV credits claimed go to tax filers with an annual income of $100,000 or more. Taxpayers with an annual income exceeding $1 million account for 8 percent of all credits claimed. This should come as no surprise given the sticker price of a new electric vehicle typically ranges from $40,000 – $80,000. Subsidizing luxury cars is targeted welfare for the wealthy.

Furthermore, EV subsidies primarily benefit Democrat-run states. Eight of the top ten states for EV sales are states represented by two Democrat Senators. Of the 250,000 all-electric vehicles sold in the U.S. in 2020, according to data from the Alliance for Automotive Innovation, Californians alone accounted for over 93,000 EVs purchases. For comparison, West Virginia had only 195 EVs registered in 2020.

The IRA's green new deal subsidies are bad policy and are costing Americans exponentially more each day. In this way, their repeal would be ideal as both a way to bring parity to the U.S. energy sector and to pay for tax cuts for *all* Americans.

Onward,

Grover Norquist
President, Americans for Tax Reform

Saulius "Saul" Anuzis
President, American Association of Senior Citizens

Phil Kerpen
President, American Commitment

Steve Pociask
Chief Executive Officer, American Consumer Institute

Thomas Pyle
President, American Energy Alliance

Brent Gardner
Chief Government Affairs Officer, Americans for Prosperity

Ryan Ellis
President, Center for a Free Economy

Daniel Mitchell
President, Center for Freedom and Prosperity

Jeffrey Mazzella
President, Center for Individual Freedom

Daren Bakst
Director, Center for Energy and Environment and Senior Fellow
Competitive Enterprise Institute

David McIntosh
President, Club for Growth

Andre Beliveau
Senior Manager of Energy Policy, Commonwealth Foundation

John C. Goodman
President, Goodman Institute for Public Policy Research

Cameron Sholty
Executive Director, Heartland Impact

James Taylor
President, The Heartland Institute

Ryan Walker
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Katie Clancy
Illinois Center-Right Coalition Chair

Patrice Onwuka
Director, Center for Economic Opportunity,
Independent Women's Forum

Gabriella Hoffman
Director, Center for Energy and Conservation
Independent Women's Forum

Alfredo Ortiz
CEO, Job Creations Network

Seton Motley
President, Less Government

Charles Sauer
President, Market Institute

Paul D. Craney
Executive Director, Massachusetts Fiscal Alliance

Tim Jones
Fmr. Speaker, Missouri House
Chairman, Missouri Center-Right Coalition

Gordon Gray
Executive Director, Pinpoint Policy Institute

Lorenzo Montanari
Executive Director, Property Rights Alliance

Mike Stenhouse
Founder/CEO, Rhode Island Center for Freedom and Prosperity

Paul Gessing
President, Rio Grande Foundation

James L. Martin
Founder/Chairman, 60 Plus Association

James Erwin
Executive Director, Digital Liberty
Interim Director, Shareholder Advocacy Forum

Kevin Riffe
West Virginia Center-Right Coalition Chairman