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Senate Democrats Unveil Vehicle GHG Plan, Including Huge EV Subsidies

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Senate Democrats are elaborating on their promise of a bold climate change agenda if they retake the chamber in 2021, floating the framework for a massive plan to replace gasoline-powered vehicles with electrified cars, coupled with efforts to finance charging infrastructure and retool factories to make advanced vehicles and related equipment.

The plan, dubbed Clean Cars For America, envisions future legislation to enable an estimated investment of \$454 billion, the lion's share of which would go toward large rebates for buyers of all-electric cars, plug-in hybrids and hydrogen fuel cell vehicles.

The proposal, floated late Oct. 24 by Senate Minority Leader Chuck Schumer (D-NY), signals an initial follow-through on his promises that Democrats would pursue a "big, bold" climate bill if they retake the chamber in the November 2020 elections.

"What distinguishes this proposal is not only its scale but also its ability to unite the American environmental movement, the American labor movement and larger automakers," Schumer writes in [a New York Times op-ed](#) floating the broad outlines of the concept.

"But we have to move fast. China now accounts for more than half of the world's share of electric vehicles," Schumer adds.

The op-ed touts support for the effort from an array of groups, including large auto companies like Ford and General Motors; environmental groups Sierra Club, Natural Resources Defense Council and the League of Conservation Voters; and labor groups United Automobile Workers (UAW) and International Brotherhood of Electrical Workers (IBEW).

The scale of the proposed effort, including a goal of removing 63 million gas-powered cars from the roads by 2030, is on par with proposals by several Democratic presidential candidates, including [a](#)

[proposal](#) from Sen. Bernie Sanders (I-VT) for \$680 billion for a similar trade-in program to get older cars off the road.

Schumer's plan combines an emphasis on greenhouse gas reductions through low- or zero-emission vehicles (ZEVs) with a push for manufacturing such vehicles and related infrastructure in the United States.

Materials obtained by *InsideEPA/climate* elaborate on the concept, describing the plan as consisting of three parts – starting with a \$392 billion program that would give consumers cash vouchers to trade in gas-powered cars and buy a U.S.-assembled electric, plug-in hybrid, or hydrogen fuel cell car.

The plan also envisions \$45 billion in grants to states and localities for charging infrastructure, and a \$17 billion plan for “reasserting U.S. leadership in clean car manufacturing with robust incentives for manufacturers to build new factories or retool existing factories” in the U.S for assembly of ZEVs or manufacture of charging infrastructure.

Rebate Details

The rebate plan is far more ambitious than – but carries echoes of – the popular \$3 billion “cash for clunkers” program that Congress approved and expanded in 2009 during the economic crisis. That program offered up to \$4,500 in rebates to consumers for trading in old vehicles and replacing them with somewhat more efficient ones, largely in an effort to prop the domestic auto sector facing the prospect of collapse.

Under the new plan, the rebate starts at \$3,000 but rises based on factors including the zero-emission range of the vehicle and whether the purchaser is low-income, with households making up to 200 percent of the poverty level eligible for an additional \$2,000 rebate.

The rebate also would include additional incentives for vehicles made domestically with “strong labor standards” – equal to 50 percent of the base incentive – as well a \$500 incentive for vehicles with a 50 percent domestic content and a U.S.-manufactured battery.

Schumer is promising that the clean cars plan would be a key part of Democrats’ “far reaching” climate legislation if the party re-takes the Senate in 2020. It is not clear whether the proposal – or elements of it – could be advanced using arcane budget “reconciliation” procedures that allow certain types of legislation to clear the Senate on a simple majority vote.

But unveiling the plan now serves an immediate purpose of unifying, and perhaps broadening, Democratic constituencies in 2020 at a time when many advocates’ calls for a bold Green New Deal still lack specifics that can appeal to the average voter.

The plan may also provide a fresh avenue for countering Trump administration claims that its planned rollback of Obama-era vehicle GHG rules – and EPA’s final withdrawal of California’s vehicle GHG and ZEV authority – are anti-elitist efforts that help consumers afford new vehicles by cutting the sticker price, thus boosting the auto sector and encouraging safer vehicles.

EPA Administrator Andrew Wheeler, for example, [recently argued](#) that it is “one thing for the American public to directly subsidize electric vehicles through tax incentives. It is another thing to use the nation’s

vehicle emissions standards to prop up a product that has minimal impact on the environment and that only the wealthy can afford.”

Endorsements of Schumer’s plan include a statement from UAW President Gary Jones that the proposal “honors the sweat and sacrifice of American autoworkers by investing in domestic manufacturing of electric vehicles and incentivizing high quality jobs across the auto supply chain.”

IBEW President Lonnie Stephenson adds that “reducing carbon emissions in the United States and around the world is not only a challenge, but a great opportunity to modernize our nation’s infrastructure, reinvigorate domestic manufacturing, and create hundreds of thousands of well paying, family-supporting union jobs.”

And sign on from environmental groups include a statement from Sierra Club’s Gina Coplon-Newfield that the plan “boldly addresses pollution from the transportation sector while continuing to grow the booming clean energy economy.”

‘Amended and Perverted’

At the same time, the notion of reviving a cash for clunkers-type program is prompting some warnings as rumors of the Democrats’ plan began circulating in recent days.

Safe Climate Campaign’s Daniel Becker, for example, said that however “well intentioned” such a program may be, there is a huge risk that changes during the legislative process whittle the program’s environmental benefits into insignificance.

“We watched it happen before,” he said, arguing the original concept for cash for clunkers a decade ago was “amended and perverted” into something that enriched automakers and dealers but had “slim if any environmental benefits.”

A 2010 Government Accountability Office report found some environmental benefits from the program but also deemed the extent of those benefits uncertain.

And a subsequent analysis [by Resources for the Future economists](#) estimated that it reduced carbon dioxide by only 9 million-28.4 million tons, with an estimated implied cost-per-ton ranging from \$91 to \$288 even after accounting for benefits from reduced criteria pollutants.

But Democrats’ new rebate plan is being framed as part of a massive transition to both cleaner vehicles and infrastructure to enable them, as well as a political tool in moving broader climate legislation.

In this vein, Schumer’s op-ed argues that having a popular and beneficial proposal like the cars plan as a key element of a larger climate plan will give Democrats a strong hand to play. – *Doug*

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