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House GOP budget plan would gut Biden-era auto policies. Here's how

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Washington — Nearly four months after climate-minded President Joe Biden's administration finished a years-long push to promote electric vehicles and slash the U.S. auto industry's greenhouse gas emissions, a newly unveiled House GOP megabill would gut several of the Democrats' signature policies.

House Republicans' draft budget plan — a sweeping piece of legislation meant to advance now-President Donald Trump's agenda — would profoundly impact American autos. It promises to eliminate the popular \$7,500 tax credits for EVs, claw back unobligated Biden-era funds for clean vehicle manufacturing and rescind ambitious tailpipe emission regulations.

Democrats and Republicans have mostly pledged support or opposition along party lines for the bill, which was released Sunday night and will likely change significantly between now and its potential passage later this year. Auto industry observers, meanwhile, have warned that several of

the policies in the bill will hurt U.S. companies in the long term and jeopardize the political longevity of Republicans in auto-heavy states like Michigan.

Sam Abuelsamid, an auto industry veteran who now works as vice president of market research at communications firm Telemetry, predicted that the bill would "backfire on a lot of Republicans next year because if you look at where a lot of (Biden-era) money is being spent, it's mostly in red states and red districts where companies have been putting battery plants and building or retooling factories that are intended to produce EVs or batteries."

He criticized the GOP plan for "rolling back to obsolete technologies like fossil fuels" while an ascendant Chinese auto industry leads the way on battery technology and EVs.

"I think it's idiotic what they're doing," Abuelsamid said.

GOP leaders in the chamber, however, have touted the plan so far. U.S. Rep. Brett Guthrie, a Kentucky Republican and chairman of the House Energy and Commerce Committee, did so Tuesday during a markup session for his committee's section of the bill.

"We can save \$172 billion over the next 10 years by repealing burdensome Biden-Harris Administration regulations, and over \$100 billion by eliminating EV mandates imposed by the vehicle emission and (Corporate Average Fuel Economy) standards that have failed to serve American taxpayers," he said as part of an opening statement.

Michigan U.S. Rep. Debbie Dingell, an Ann Arbor Democrat and longtime voice for the auto industry in Washington, sharply disagreed with Guthrie's assessment.

"What this bill does is create total chaos for the auto industry in repealing EPA submission standards for light medium duty vehicles and NHTSA's corporate average fuel economy standards," she said during the markup session.

Dingell continued: "We need harmonized emissions and fuel economy standards, and we must preserve ... the (Inflation Reduction Act's) tax incentives to remain globally competitive."

The Alliance for Automotive Innovation, the nation's top automotive lobbying group, has not publicly commented on the House proposal, though the group has previously written to Trump expressing mixed support for his agenda on autos.

The organization urged Trump in November to preserve all industry tax credits, including ones that support investment in EVs and domestic battery manufacturing. The alliance did not weigh in specifically on whether Republicans should roll back air pollution standards, but it did ask for "reasonable and achievable emissions regulations" at the federal and state levels.

Environmentalists, including Dan Becker, a longtime environmental advocate and director of the Center for Biological Diversity's Safe Climate Transport Campaign, have decried the proposal.

"My life's work is being eviscerated before my eyes," said Becker, who has lobbied for decades for stricter tailpipe standards to improve air quality and reduce greenhouse gas emissions that cause climate change.

"It's really myopic for the Republicans to give the U.S. auto companies flat tires just as competition with China and their automakers is heating up," added Becker, referencing the pullback on tax credits and manufacturing programs.

U.S. Rep. Lisa McClain is one of the Republicans critical of EV tax credits, previously explaining: "I mean, if EVs are the greatest thing since sliced bread, my goodness, we shouldn't have to subsidize it."

McClain on Tuesday focused her attention on an overriding goal for conservatives in their budget bill: tax cuts.

"We will deliver for the American people, because if we don't deliver on this reconciliation package, you all are going to see the biggest tax increase that you've seen in a long time," the Bruce Township lawmaker said in an interview with Punchbowl News. Tax cuts from the first Trump administration will expire by the end of 2025 without congressional action.

Specific changes, projects at risk

The major automotive policy changes in the House GOP plan come from the Energy and Commerce Committee and the Ways and Means Committee, which is responsible for tax affairs.

The E&C provisions would eliminate emission regulations from the U.S. Environmental Protection Agency and Department of Transportation scheduled to ramp up between 2027 and 2032.

Biden's EPA Administrator Michael Regan hailed his agency's regulations last year as the "strongest vehicle pollution technology standard ever finalized in United States history," but the Trump administration has previously expressed its intentions to do away with those regulations.

The American Petroleum Institute, the nation's largest oil and gas lobbying group, said in a Tuesday email that it doubts the congressional nixing of those rules will comply with complicated Senate rules surrounding reconciliation, the esoteric process lawmakers can use to pass budget bills with a simple majority in both chambers.

The oil and gas group said it is more focused on supporting new rulemaking efforts that would walk back the Biden-era standards.

The E&C plan would also claw back all "unobligated" money directed under Biden's climate-focused Inflation Reduction Act for the Department of Energy's Loan Programs Office to support clean energy projects and for programs aimed at advanced technology vehicle manufacturing.

Those clawbacks could put over \$1 billion at risk for General Motors Co. and Stellantis NV projects geared towards revitalizing shuttered or at-risk auto manufacturing and assembly facilities in Michigan, Indiana and Illinois.

Vice President JD Vance, while campaigning in Michigan last year, did not commit to honoring GM's Biden-era grant for \$500 million toward revamping its Lansing Grand River Assembly Plant for EV production.

"The \$500 million grant came along with some really ridiculous strings and no protections for American jobs not getting shipped to foreign countries because a lot of not just the cars themselves, but the battery components, the minerals, this stuff is all produced in China," he told a Detroit News reporter.

Both GM and Stellantis declined to comment Tuesday on the GOP proposal and how it would impact those projects. Ford Motor Co. also declined to comment on the bill but did confirm that its \$9.6 billion federal loan for battery plants in Tennessee and Kentucky was not at risk.

The Dearborn-based automaker finalized its loan in December, as did Stellantis for its \$7.5 billion loan for two battery plants in Indiana.

The Ways and Means Committee, meanwhile, included provisions in its section of the budget bill that would broadly impact the auto industry across the country.

The committee's proposal would eliminate four tax credits related to EVs by the end of 2025, including credits of \$7,500 on the purchase of qualifying new light-duty models, \$4,000 for used models, up to \$40,000 for commercial vehicles and a \$1,000 for individuals to install EV chargers.

The plan would also modify the so-called 45X manufacturing credit for battery cell production, phasing it out a year earlier and adding new requirements against using materials from certain foreign nations. Ford CEO Jim Farley has said the credit is critical to preserving jobs in the United States' fledgling EV battery industry.

But Albert Gore, executive director of the Zero Emission Transportation Association, warned that the new GOP proposal could stunt the industry's growth.

"We are concerned that, as written, this budget reconciliation text would significantly reduce federal investments in American job growth that are currently working very well in strengthening the domestic battery and mineral supply chain," he said in a statement.

Gore, the son of former Vice President Al Gore, continued: "At a moment when our industry needs certainty more than ever, this legislation could slam the brakes on America's progress towards global competitiveness in manufacturing, while ceding leadership to other countries."

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