

Overcharged Expectations

Unmasking the True Costs of Electric Vehicles

- \$22 billion in government favors were distributed in 2021 to EV manufacturers and owners, equating to **\$48,698 per EV**.
- Adding the costs of the subsidies to the true cost of fueling an EV equates to an EV owner paying \$17.33 per gallon of gasoline.
- Direct state and federal subsidies for EVs average \$8,984 per vehicle over 10 years.
- Regulatory credits from federal and state fuel efficiency and greenhouse gas emissions standards provide an average of \$27,881 in benefits per vehicle for producers of EVs.
- Home and public charging stations used by EVs put a strain on the electric grid, resulting in an average of \$11,833 in socialized costs per EV over 10 years, which are shouldered by utility ratepayers and taxpayers.

Direct and indirect subsidies and regulatory mandates hide the true cost of EVs by socializing the cost to taxpayers, gasoline vehicle owners, and utility ratepayers.

Direct

Federal and state government tax credits and direct grants

Indirect

Cost of infrastructure to support EVs, and avoided fuel taxes.

Regulatory Credits

Corporate average fuel economy (CAFE), greenhouse gas emissions standards, and multistate zero emissions vehicle mandates

EVs are being subsidized to an even greater degree than wind and solar and with less transparency because the value of these indirect subsidies and regulatory credits.

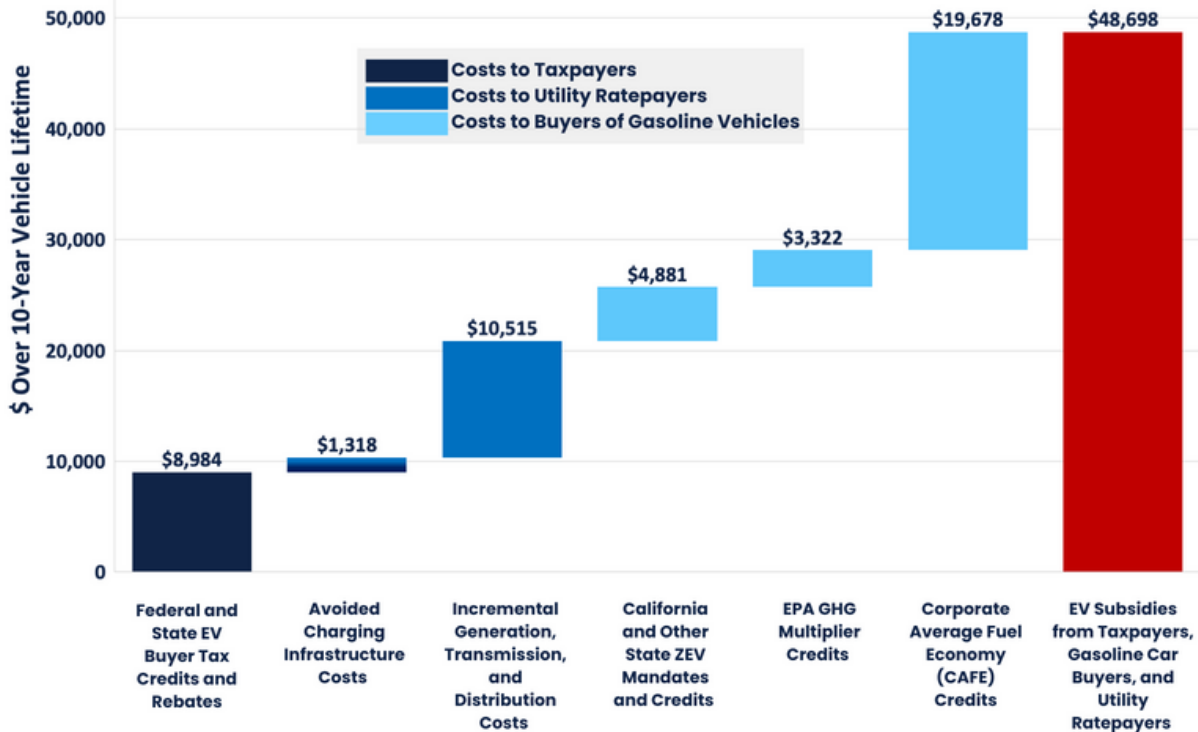
Congress should mandate cost-effective federal fuel economy standards, eliminate the loopholes that enable the generous credit multipliers given to EVs, and end the EPA's ability to unilaterally set greenhouse gas emissions standards for vehicles.



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Subsidies and Regulatory Credits Accrued by a MY2021 Electric Vehicle Over 10 Years



The elements of this chart can be broken down into three buckets. First are the direct subsidies paid out by the federal government and many state governments. The \$7,500 federal tax credit for EVs was recently extended by the Inflation Reduction Act, but it now comes with income and supply chain requirements. States gave EV buyers almost \$1,500 in tax credits on average in 2021. Federal, state, and utility subsidies for charging infrastructure up to more than \$1,300 per EV

Second, EV owners benefit from indirect subsidies, primarily in the form of upgrades to electric grid infrastructure that are socialized to utility ratepayers.

A typical EV charging overnight consumes as much power as several homes, and an EV fast charging in 30 minutes uses as much power as a small to medium sized grocery store. The grid upgrades needed to support this buildout over the coming decades will run into the trillions of dollars.

Finally, regulatory mandates, comprising of state mandates, EPA GHG multiplier, and CAFE credits make up the largest chunk of the hidden subsidies given to EVs, nearly \$30,000 per EV. The largest contribution is due to the CAFE standards, which in recent years have been made increasingly stringent in order to make gasoline vehicles more expensive and to drive EV adoption.



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