



# As Cost of Democrats' Green Corporate Welfare Skyrockets, Big Business and China Profit

Working families and small businesses are realizing that Democrats' latest green subsidy scheme will cost more than promised. Not only will their tax dollars go towards billion-dollar corporations, they will also flow to Chinese entities of concern and put American workers at a disadvantage.

## Total Cost of Democrats' Green Corporate Welfare is Exploding

Economists have released estimates dwarfing the Joint Committee on Taxation's (JCT) original **\$271 billion** total price tag for Democrats' so-called Inflation Reduction Act (IRA) special interest tax breaks.

- **Benchmark Mineral Intelligence** [estimates](#) that one provision, the new advanced manufacturing credit for wind, solar, and batteries will cost \$136 billion – over four times higher than JCT's original \$31 billion score.
- **Christine McDaniel, an economist at George Mason University**, [estimates](#) that the advanced manufacturing credit for batteries alone will cost nearly \$197 billion – a 542 percent increase from the law's original sticker price.
- **Economists at Goldman Sachs** [estimate](#) that the total cost of the IRA credits will **exceed \$1 trillion**, with the largest cost increases coming from EV credits (\$393 billion vs. \$14 billion per JCT) and the advanced manufacturing credit (\$193 billion vs. \$31 billion per JCT).
- **Brookings Institution experts** [estimate](#) that the total cost of the IRA credits will be \$780 billion, with the largest cost increases coming from EV credits (\$390 billion vs. \$14 billion per JCT) and the carbon capture credit (\$100 billion vs. \$3 billion per JCT).
- **Credit Suisse analysts** [reviewed](#) a subset of the IRA's special interest tax breaks, finding that the total cost will be \$576 billion, compared to JCT's original \$174 billion for those same credits. The largest increase in their projections comes from the advanced manufacturing credit (\$250 billion vs. \$31 billion per JCT).

## Special Interest Green Tax Breaks Subsidize Billion-Dollar Corporations and Big Banks

Billion-dollar corporations and big banks will be the primary beneficiaries of corporate tax breaks stuffed inside the IRA, [according to JCT analysis](#). These tax breaks are a massive transfer of wealth from working-class families to Wall Street and big business.

- Companies with **over \$1 billion** in sales receive **more than 90 percent** of special interest green tax subsidies for electricity.
- Banks and insurers receive over half of these tax breaks, more than any other industry or sector.
- Financial institutions receive three times more benefit than any other industry.

## China's Industries Will Benefit from Democrats' Green Corporate Welfare

Democrats failed to put appropriate safeguards on their special interest tax breaks in the IRA, so foreign entities of concern—including those controlled by the Communist Party of China—can receive taxpayer dollars. Chinese companies are lining up to cash in on Democrats' corporate welfare.

- **Example 1:** Ford Motor Co. [announced](#) in February that it would collaborate with CATL – a company tied to the Chinese Communist Party – to build an EV battery factory in Michigan. Ford will create a special structure with CATL to exploit loopholes and receive advanced manufacturing tax credits.
- **Example 2:** JA Solar, a major Chinese energy company, [has announced plans](#) to build a solar assembly facility in Arizona to obtain IRA credits. Customs and Border seized \$500 million in solar goods imported by JA Solar and other Chinese companies last year, based on **allegations of forced labor**.
- **Example 3:** LONGi Green Energy Technologies, a solar panel manufacturer that has ties to the Chinese Communist Party and [has been accused of using forced labor, is partnering](#) with a U.S. firm to build a plant in Ohio that will receive IRA tax credits.
- **Example 4:** Chinese manufacturer JinkoSolar Holding Co. [has been green-lighted](#) to expand its solar panel manufacturing plant in Florida. Work at the plant involves robots placing strings of solar cells—which are largely sourced from China—onto a solar panel base. The facility is eligible for tax credits under the IRA. JinkoSolar [has also been accused](#) of **using forced labor**.
- **Coalition for a Prosperous America** released [new analysis](#) finding that “Chinese Manufacturers Could Earn Up To **\$125 Billion** in U.S. Renewable Energy Tax Credits.” That’s more than half of what China plans to spend on its military this year.
- **Sending tax dollars overseas:** The Biden Administration is [re-writing the definition](#) of a “free trade agreement” (FTA) to allow more foreign countries to access taxpayer-funded benefits – an obvious violation of Congressional intent, which will reduce U.S. jobs.
  - Half of the clean vehicle tax credit (\$3,750) in the IRA is dependent on critical minerals in the battery being extracted or processed in the U.S. or countries with which we have FTAs.
  - To circumvent this requirement, the Biden Administration has engaged in [negotiations for limited critical minerals agreements](#) that clearly are not FTAs.
  - This also expands China’s dominance over America’s energy and critical mineral supply chains, as these limited agreements lack safeguards to exclude Chinese content.

## Democrats continue to voice concern over Biden Administration's implementation of IRA that has hurt domestic protections and allowed foreign countries and China to profit.

- Top Democrat tax-writers, Sen. Wyden and Rep. Neal, [called](#) the Biden Administration’s action with respect to negotiating critical minerals agreements “unacceptable.” They go on to criticize the Administration for a lack of transparency and overreach of authority.
- Rep. Blumenauer, Ranking Member of the Ways and Means Trade Subcommittee, said the Administration is “redefining Free Trade Agreement” with its guidance.
- Ways and Means Democrats raised concerns with Secretary Yellen at a hearing on March 10, 2023.
- [Sen. Manchin, one of the IRA architects, added that](#) Treasury “completely ignores the intent of the Inflation Reduction Act. It is horrific that the Administration continues to ignore the purpose of the law which is to bring manufacturing back to America and ensure we have reliable and secure supply chains.”