United States House Committee on
Ways & Means
CHAIRMAN JASON SMITH

End Chinese Dominance of Electric Vehicles in America Act

In the so-called *Inflation Reduction Act* (IRA), Democrats created generous new tax subsidies for electric vehicles (EVs), at an enormous cost to the taxpayer. While drafting the IRA, Sen. Manchin (D-WV) tried to prevent those subsidies from going to foreign entities of concern (FEOC), like entities with ties to China or other adversaries. Pushed by radical environmentalists and some EV producers, the **Biden Administration wrote lenient FEOC rules that benefit China.**

Biden's Treasury Created Pro-China Loopholes in its FEOC Regulations

- Under the IRA, EVs are ineligible for a tax subsidy if they contain battery components or critical minerals **sourced from an FEOC**. This follows a similar restriction on semiconductor grants included in the CHIPs Act signed by President Biden.
- In **September 2023**, the Commerce Department issued rules under the CHIPs Act that defined an FEOC as follows: *25 percent or more of the entity's voting interest, or board seats, or equity interest is held directly or indirectly by the government of a country of concern (China, Russia, North Korea, or Iran) or its officials, or by any person that is a citizen, national, or resident of such country.*
- In **December 2023**, Treasury issued similar FEOC rules for the EV tax subsidies but opted to make their version more China-favorable than the Commerce Department rule. Treasury excluded "any person that is a citizen, national, or resident" – so an entity owned by a foreign billionaire could benefit from the EV subsidies as long as his or her ties to the Chinese Communist Party or other hostile government were unofficial.
- Treasury also defined "battery component" very **favorable to Chinese manufacturers**, who can produce all materials and parts upstream of the battery component and remain eligible to benefit from the EV tax subsidies.

Rep. Miller's *End Chinese Dominance of Electric Vehicles in America Act* will prevent China from receiving a windfall

- Legislation closes the **Chinese billionaire loophole** to ensure that Treasury follows the same definition of FEOC developed by the Commerce Department.
- Also closes the **Chinese manufacturing loophole** to prevent China from leveraging its battery supply chain dominance to produce upstream materials, parts, and intellectual properties that are eligible for an EV tax subsidy in the United States.