



*A bold voice for transportation workers*

## **CONGRESS SHOULD BOOST MANUFACTURING AND HELP EXPAND GROWING CONSUMER ELECTRIC VEHICLE MARKET IN SURFACE TRANSPORTATION REAUTHORIZATION**

The automotive industry has long been a cornerstone of American manufacturing jobs. Nearly one million people work in the auto and auto-parts manufacturing sectors, and when jobs from other linked industries are included, the auto industry is responsible for over seven million jobs nationwide. Yet, over the past fifteen years, automotive production workers' wages have fallen significantly here at home. In fact, when adjusting for inflation, average hourly earnings for production workers in auto assembly have declined 23 percent, while wages in the auto parts sector have declined 22 percent.

At the same time, the development and growth of consumer electric vehicles (EVs) in the United States automotive market presents a significant opportunity to create good jobs here in America. Today, the total market share of consumer EVs remains small, but it is growing at a steady pace both domestically and around the world. To that effect, in 2011, EVs made up less than .15 percent of vehicles in the U.S., but have grown to more than 2 percent of the total market in 2019, an increase of about 25 percent per-year.

EVs still need significant public support to move into the mainstream, which means Congress has the opportunity to promote policies now that will set the industry on the right path going forward. Legislation that is designed to create high quality domestic jobs can set the pace for the coming decades – in infrastructure, jobs and clean vehicle proposals. Manufacturers should be required to meet quality jobs standards on wages, benefits, health and safety and freedom of association.

Early adoption of this technology and the growth of this market is due in large part to both state and federal incentives and mandates, including in no small part the 30D EV tax Credit Program. The continued growth of this industry, and the opportunity it stands to offer America's workers, will depend heavily on continued federal incentives, the rapid buildout of public recharging infrastructure, and strong Buy America policies.

But make no mistake, a failure to act at this critical juncture will take a certain toll on American workers. Of particular concern is the fact that other automotive manufacturing regions, particularly China and Europe, are promoting domestic production of consumer EVs through governmental policies. Without additional policy guidance and market growth, much of the industry could move overseas, compromising the quality of automotive jobs and US leadership in the industry. Now is the time for Congress to take specific steps to ensure American dominance in EV manufacturing.

For TTD's position on battery electric buses and the required training obligation for the incumbent workforce, see Policy Statement No. W20-06

First, Congress can play a significant role in the expansion of the EV industry and the creation of good American jobs through smart procurement policy for government EV purchases. The America's Transportation Infrastructure Act included a provision authorizing an interagency working group tasked with developing strategies to transition federal fleets to EVs, plug-in hybrid EVs, and hybrid vehicles. While TTD would strongly support more ambitious policies that ensure the rapid adoption of EVs in government-owned fleets, we believe this is still a positive first step. At the same time, Congress must also craft requirements that ensure a high-road labor model for the production of EVs in the United States. For example, government agencies should be required to consider where both the vehicle and batteries were assembled; the level of domestic content; and the conditions under which the vehicle and components were produced. Such policies would incentivize manufacturers to establish a production footprint in the U.S., while also guaranteeing that production has the positive economic impacts that come with quality manufacturing jobs.

We also know that continued growth in this sector depends upon the rapid expansion of recharging infrastructure on America's streets. The Senate Environment and Public Works Committee's first step towards a long-term reauthorization of our nation's federal surface transportation program, the America's Transportation Infrastructure Act of 2019, included \$1 billion competitive grant program for states and local governments to build EV, hydrogen, and natural-gas fueling infrastructure along designated highway corridors. While this was a positive step, TTD believes this section would be strengthened by requiring equipment interoperability, not limiting projects to alternative fuel corridors, ensuring domestic manufacture of charging equipment, setting requirements for skilled workers to install and maintain equipment such as the industry-developed and recognized Electrical Vehicle Infrastructure Training Program, allowing charging equipment to be deployed and managed by local electric utilities, and sending a strong signal that we are serious about transportation electrification by increasing the total investment beyond \$1 billion. Policy should also support the development of faster charging technology, and increased availability of charging infrastructure in marginalized and rural communities. Finally, legislation should require USDOT to take into consideration criteria including hiring plans, job creation, job quality, and labor record of private entities hired for projects when making grants.

Additionally, good manufacturing policy is needed to ensure the US's domestic auto industry designs and builds clean vehicle technologies in the U.S. Existing programs like the Advanced Technology Vehicle Manufacturing (ATVM) loan program and domestic manufacturing conversion grants should be extended with quality jobs requirements and expanded to include batteries and medium- and heavy-duty vehicles.

Finally, TTD applauds Congress for passing the energy tax extenders package at the end of 2019, which ensures that the 30D EV Tax Credit Program will continue to incentivize new EV purchases through 2022. Economists have recognized that state and federal incentives play the most significant role in the near-term rate of EV growth. While this program was extended through 2022, we urge Congress to continue offering this critical tax credit until the EV market is firmly established in the U.S., and modifying it so that it is applicable only to domestically built vehicles and manufacturers that meet quality jobs standards. At the same time, Congress could improve opportunities for vehicle purchasers by making this program a point-of-sale rebate

that would allow potential EV purchasers to be able to purchase a new or used electric vehicle, regardless of income level. Further, a program modeled after the Car Allowance Rebate System (commonly known as “cash for clunkers”) that offers discounts on American-made electric vehicles when you trade in a gas-powered car, would ensure lower-income Americans even greater access to EVs.

It is critical that Congress seize this opportunity not just to reduce the transportation sector’s environmental footprint, but to ensure the growth of good jobs here at home where they are needed the most. If we fail to act now, we do little more than give our overseas competitors a needless economic competitive advantage. However, by continuing smart incentives that include tax credits and publicly funded recharging infrastructure, and ensuring strong federal procurement policies, we can drive growth in the EV market and ensure that EVs are, and remain, an American industry.

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