

December 15, 2021

Dear Senator:

Boosting electric vehicle (EV) manufacturing in the United States is a key step to building a more prosperous and just economy, saving consumers money, and meeting climate goals. We, on behalf of over 60 labor, environmental, faith, consumer, health, and economic justice organizations representing millions of Americans, support the updated consumer tax credit (36D)<sup>1</sup> for electric vehicles in the Build Back Better Act (BBBA) and urge the Senate to pass this important tax credit as passed by the House. The updated credit offers the discount to consumers at the point of sale and includes a phased-in domestic manufacturing requirement and collective bargaining bonus. These are essential to speed EV deployment, onshore jobs, increase wages and benefits for auto-sector workers and communities as well as basic rights and protections in the workplace, and improve U.S. competitiveness.

**Manufacturing workers and communities across America are depending on building electric vehicles here at home and ensuring good jobs across the clean economy.** For too long, we have seen policies that have driven offshoring and outsourcing and seen workers and communities across the United States suffer as factories idled and workers' pay stagnated. Meanwhile, our competitors worldwide are moving fast to capture the economic gains from the shift to clean technology overall, and to electric vehicles in particular. Hundreds of thousands of existing manufacturing jobs depend on the actions that Congress takes now to increase the share of vehicles and components made in the U.S. and onshore the EV supply chain.

The Build Back Better Act takes powerful action to rebuild American manufacturing and to foster a new generation of family-supporting jobs and access to middle-class careers, including through the EV tax credit. By further incentivizing drivers to purchase domestically assembled electric vehicles, the EV tax credit spurs automakers to fulfill their commitments—or make new commitments—to build their EVs here in the U.S. and invest in a robust domestic supply chain. For every 100 additional jobs in the motor vehicle manufacturing sector, over 1,400 jobs are supported or created—not only throughout the supply chain, but also in the local economies those jobs and businesses reinforce.<sup>2</sup>

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<sup>1</sup> This tax credit is the former 30D tax credit which was updated to 36C in the House-passed BBBA, and is now numbered 36D in the latest Senate text as of December 13, 2021.

<sup>2</sup> Economic Policy Institute, "Updated employment multipliers for the U.S. economy," January 2019. Available online: <https://www.epi.org/publication/updated-employment-multipliers-for-the-u-s-economy/>.

**A successful transition to EVs must be accompanied by high labor standards.** The collective bargaining bonus in the BBBA acknowledges and rewards companies who invest more in workers, and spurs improvements in wages and working conditions that benefit union and non-union workers alike. On average, union workers earn higher wages with better benefits, including better health care coverage and more paid and sick leave than non-union workers.<sup>3</sup> Where union density remains high, unionized workplaces set a high standard for wages and benefits, and non-union workplaces follow.<sup>4</sup> However, as unionization has dropped, so too have real wages across the auto sector—even as productivity has risen. That means hundreds of billions of dollars in losses in workers’ paychecks and for the communities and local economies those wages support.<sup>5</sup> The high labor standards included in the BBBA will help reverse this trend by ensuring the creation of good, family-supporting jobs and incentivizing high-road employment practices, including respect for the right to organize.

**Investing in safe workplaces and family-sustaining jobs is an investment that pays dividends for all of America.** The House-passed EV tax incentive helps our economy and federal budget by supporting Americans’ economic resilience and decreasing future pressures on last-resort social services, housing assistance, and economic relief programs because more households will have good jobs and savings to help them weather future economic downturns. Facilities with collective bargaining are safer places to work,<sup>6</sup> further delivering more value to workers’ families, taxpayers, and the communities in which they live. Additionally, union workforces are more stable workforces that experience less turnover,<sup>7</sup> and therefore, the tax credit’s collective bargaining bonus incentivizes the development of a resilient and robust EV supply chain supported by skilled workers.

**The union bonus in the 36D tax credit acknowledges and encourages all automakers who invest more in workers, and it spurs automakers not to discriminate against their U.S. workforce.** The updated base tax credit (up to \$7,500) makes the incentive easier for consumers to use and would be available to all automakers. No company gets fewer incentives because of

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<sup>3</sup> Bureau of Labor Statistics, Employee Benefits in the United States, March 2021, Available online: <https://www.bls.gov/news.release/pdf/ebs2.pdf>.

<sup>4</sup> Economic Policy Institute, Unions help reduce disparities and strengthen our democracy, <https://www.epi.org/publication/unions-help-reduce-disparities-and-strengthen-our-democracy/>, April 23, 2021.

<sup>5</sup> BGA Analysis based on Bureau of Labor Statistics Data.

<sup>6</sup> Economic Policy Institute, “Why unions are good for workers—especially in a crisis like COVID-19,” August 2020. Available online: <https://www.epi.org/publication/why-unions-are-good-for-workers-especially-in-a-crisis-like-covid-19-12-policies-that-would-boost-worker-rights-safety-and-wages/>.

<sup>7</sup> Center for Equitable Growth, “Improving US labor standards and the quality of jobs to reduce the costs of employee turnover to US companies,” December 2020. Available online: <https://equitablegrowth.org/improving-u-s-labor-standards-and-the-quality-of-jobs-to-reduce-the-costs-of-employee-turnover-to-u-s-companies/>.

the collective bargaining bonus—even non-union companies’ vehicles remain eligible for incentives up to \$7,500—but the collective bargaining bonus rightly offsets the unfair advantage enjoyed by companies that have fought workers’ efforts to join together by forming a union.

Global auto companies see union value in their home countries—just not in the United States. The vast majority of foreign-headquartered automakers operating in the U.S. have collective bargaining agreements with workers in their home markets and in most other countries where their vehicles are assembled, but choose to drop those protections for workers in the United States and oppose the collective bargaining bonus in the U.S. The collective bargaining bonus incentivizes automakers not to discriminate against their U.S.-based workers, but instead to provide high standards and benefits to their workers, no matter where those workers are located. The updated 36D credit as passed in the House will increase both the pace of EV deployment and help reverse the trend of decreasing worker pay and benefits in the automobile sector.

**The EV tax credit increases consumer choice and saves consumers money on their energy bills.** As soon as 2023, dozens of U.S.-assembled EVs will be available from both foreign and U.S.-headquartered automakers. Meanwhile, automakers have made tens of billions of dollars in global EV investment promises and are making choices now about where and how the vehicles of the next decade will be built. The 36D EV consumer tax credit, and its phased-in domestic assembly requirement, in particular, help signal to the world that the U.S. intends to be a leader in building and deploying cleaner vehicles while spurring automakers to make good on their commitments to invest in America and workers.

Once again consumers are taking notice of the volatility of gasoline prices, undermining recent gains in average wages compared to the cost of living. Electricity not only costs less per refill<sup>8</sup> but is also less subject to large price fluctuations.<sup>9</sup> A robust tax credit makes EVs available and affordable and helps get money-saving vehicles—with lower and less volatile fuel costs—into more consumers’ hands. Combined with jobs that provide a better standard of living, EVs and domestic EV manufacturing can contribute to a better sense of economic security for many families.

In conclusion, we urge you to vote for the Build Back Better Act without changes to the 36D electric vehicle tax credit to increase domestic manufacturing and support family-sustaining jobs and resilient communities, which benefit all Americans.

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<sup>8</sup> Department of Energy “eGallon” Comparison Tool, Available at: <https://www.energy.gov/maps/egallon>.

<sup>9</sup> Department of Energy Alternative Fuels Data Center, Available at: <https://afdc.energy.gov/fuels/prices.html>.

Sincerely,

Actors' Equity Association  
American Federation of Government Employees (AFGE)  
American Federation of Labor and Congress of Industrial Organizations (AFL-CIO)  
Air Line Pilots Association, International (ALPA)  
Alliance for Retired Americans (ARA)  
American Federation of School Administrators (AFSA)  
American Federation of State, County and Municipal Employees (AFSCME)  
American Federation of Teachers (AFT)  
Asian Pacific American Labor Alliance, AFL-CIO (APALA)  
A. Philip Randolph Institute (APRI)  
American Postal Workers Union (APWU)  
Association Of Flight Attendants-CWA (AFA-CWA)  
Bakery, Confectionary, Tobacco Workers and Grain Millers' International Union (BCTGM)  
BlueGreen Alliance  
Brotherhood of Railroad Signalmen (BRS)  
California Electric Transportation Coalition (CaIETC)  
CBTU Education Center  
Center for American Progress  
Center for Biological Diversity  
Communications Workers of America (CWA)  
Department for Professional Employees, AFL-CIO (DPE)  
Ecology Center  
Economic Policy Institute  
Electric Transportation Community Development Corporation (ET community)  
Environmental Defense Fund  
Evergreen Action  
Fresh Energy  
GreenLatinos  
Interfaith Power & Light  
International Association of Machinists (IAM)  
International Brotherhood of Boilermakers (IBB)  
International Federation of Professional and Technical Engineers (IFPTE)  
International Union, United Automobile, Aerospace & Agricultural Implement Workers of America (UAW)  
International Union of Painters and Allied Trades (IUPAT)  
Jobs to Move America  
Labor Council for Latin American Advancement (LCLAA)  
League of Conservation Voters (LCV)  
Memphis AFL-CIO Central Labor Council  
Metal Trades Department, AFL-CIO  
National Association of Letter Carriers (NALC)

National Consumer Law Center, on behalf of our low-income clients  
National Conference of Firemen & Oilers District of Local 32BJ/SEIU  
National Nurses United (NNU)  
National Wildlife Federation  
Natural Resources Defense Council (NRDC)  
Office & Professional Employees International Union (OPEIU)  
Pride at Work  
Professional Aviation Safety Specialists (AFL-CIO)  
Public Citizen  
Screen Actors Guild-American Federation of Television and Radio Artists (SAG-AFTRA)  
Service Employees International Union (SEIU)  
Sierra Club  
SMART Transportation Division  
The Coalition of Labor Union Women (CLUW)  
The International Association of Bridge, Structural, Ornamental and Reinforcing Iron Workers Union,  
AFL-CIO (IW)  
The International Union of Bricklayers and Allied Craftworkers (BAC)  
The Masters, Mates & Pilots (IOMM&P)  
Transportation Communications Union (TCU)  
Transportation Trades Department, AFL-CIO (TTD)  
Union of Concerned Scientists  
Union Veterans Council, AFL-CIO  
Unite Here  
United Brotherhood of Carpenters and Joiners of America (UBC)  
United Food and Commercial Workers International Union (UFCW)  
United Mine Workers of America (UMWA)  
Utility Workers Union of America (UWUA)