

HOW THE CLEAN VEHICLE TAX CREDIT BUILDS DOMESTIC MANUFACTURING

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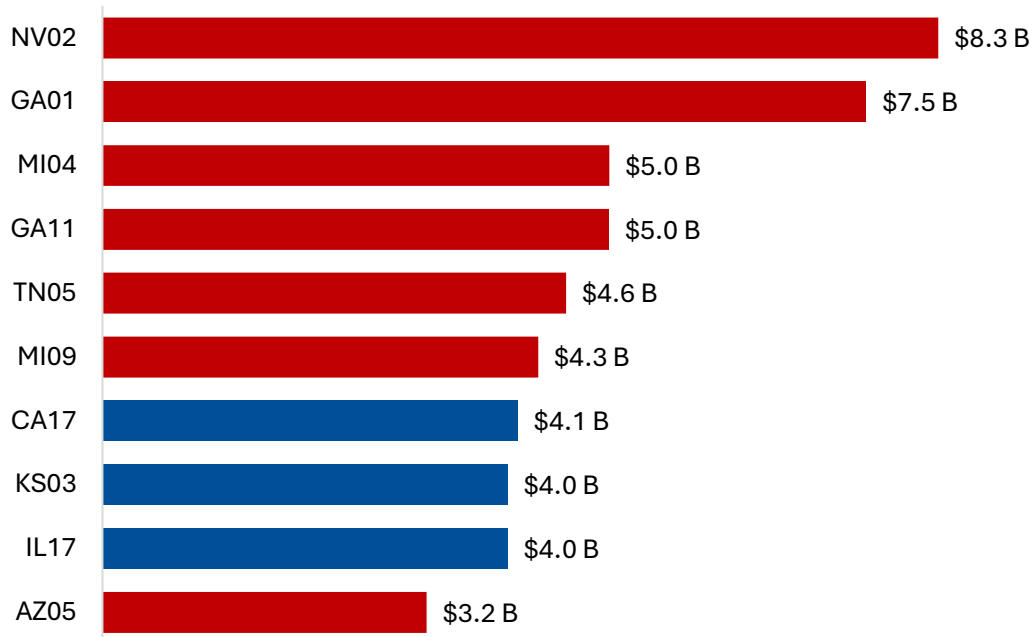
Executive Summary

Automakers have made it clear: the future of transportation is electric and China and Europe are seizing on the opportunity. In China, 50 percent of new vehicle sales are [already](#) electric and it has been the world's largest vehicle manufacturer since 2009. Meanwhile in Europe, nearly a [quarter](#) of all new sales are electric vehicles (EVs) and it continues to position itself to build those vehicles. The United States lags far behind; however the New Clean Vehicle Tax Credit is an important mechanism for the country to bridge the gap and build out a domestic supply chain at the same time.

This analysis outlines the potential impact of the New Clean Vehicle Tax Credit on vehicle and battery production. **To date, a total of \$41.7 billion in announced investments and 72,300 jobs are associated with facilities manufacturing batteries or vehicles that qualify for the tax credit. There is a further \$20.2 billion and 19,600 jobs in tracked announcements at facilities that aim to be eligible for the tax credit.** Overwhelmingly, the factories supporting this manufacturing are in Republican House Congressional districts, per Figure ES-1. This is certainly an undercount of the impact. Research released in [April 2025](#) found that eliminating the New Clean Vehicle Tax Credit, Commercial Clean Vehicle Tax Credit, and Advanced Manufacturing Tax Credit could eliminate 130,000 net manufacturing jobs by 2030 and another 310,000 jobs in indirect jobs.

The credit was created by the [Energy Improvement and Extension Act of 2008](#) and was revised in 2022. In its current form, the Clean Vehicle Tax Credit [provides \\$7,500](#) for new electric light-duty vehicles manufactured in North America if a certain percentage of the battery components were sourced from North America and if a certain percentage of critical minerals were sourced from either the United States or a country with a free trade agreement with the United States. Vehicles assembled outside the United States are not eligible, and the credit is only available to taxpayers making less than \$150,000 (or \$300,000 for married couples filing jointly).

Figure ES-1: Top 10 Congressional Districts for Announced Manufacturing Investment Benefitting from the New Clean Vehicle Credit



Investment includes all current and future announced investment for models that are eligible now or where the company has indicated they will benefit from the credit in the future. The color of the bar refers to the party of the current representative in the U.S. House of Representatives.

These totals certainly undercount the overall supply chain supported by the New Clean Vehicle Tax Credit. Many other facilities across the United States are producing or preparing to extract critical minerals, process those minerals, or build battery cells to go into the vehicles. Further, other facilities are producing the parts and components to go into these vehicles. Any efforts to repeal the New Clean Vehicle Tax Credit or reform it such that it becomes inaccessible could materially impact the \$62 billion in announced investment to build vehicles in communities across the country.

How the Clean Vehicle Tax Credit works

The New Clean Vehicle Tax Credit was created by the [Energy Improvement and Extension Act of 2008](#) and was revised in 2022. It is one part of a broader structure of federal tax

credits aimed at supporting the build out of domestic manufacturing in the United States. There are other important demand side tax credits to support U.S. consumers access electric vehicles (EV) such as the Credit for previously owned clean vehicles (25E) and the Commercial Clean Vehicle Credit (45W). However, by design, the clean vehicle tax credit supports the production of vehicles in the United States through requirements including that “the vehicle must undergo final assembly in North America” and the increasingly stringent requirements that will support domestic critical mineral processing and battery production.

Vehicle Eligibility Requirements

The New Clean Vehicle Tax Credit offers up to \$7,500 to consumers purchasing EVs provided [certain criteria](#) are met, including:

- The vehicle is new.
- Gross vehicle weight is less than 14,000 pounds.
- The vehicle was assembled in North America.
- Critical minerals used in the battery must be extracted or processed in the United States or a country with a free trade agreement with the United States and battery components must be manufactured in North America. Battery components and critical minerals cannot be sourced from a foreign entity of concern.¹ The percentage of critical minerals and battery components that must come from allowed countries increases over time, reaching 80 percent for critical minerals in 2027 and 100 percent for battery components in 2029.
- Vehicles meeting only the battery components requirement or the critical minerals requirement may qualify for a \$3,750 credit.
- Adjusted gross income of the consumer must be at or below:
 - \$300,000 in the case of a joint return,
 - \$225,000 in the case of a head of household, and
 - \$150,000 in the case of any other taxpayer.
- The manufacturer’s suggested retail price for vehicles must be at or below \$80,000 for vans, sport utility vehicles and pickup trucks and \$55,000 for other vehicles.

¹ According to the U.S. Department of Energy’s [final interpretive guidance](#), foreign entities of concern are China, Iran, North Korea, and Russia.

Recent Credit Uptake

The New Clean Vehicle Tax Credit's chief benefit to the U.S. economy is creating demand for domestic manufacturing but it is also supporting American consumers. For tax year 2023, there were [487,990 new vehicle tax credits](#) claimed in the United States worth \$3.3 billion. More than half of battery EV buyers in a [survey conducted in 2024 by JD Power](#) indicated that the tax credit influenced their decision. The survey also found that the 2022 update to the credit more than doubled the number of EV drivers who claimed the credit.

Though the latest iteration of the credit is new, there is growing evidence of the impact and potential impact of the New Clean Vehicle Tax Credit. A working paper from the National Bureau of Economic Research last updated in December 2024 [found](#) that if the Clean Vehicle Credit and the Commercial Clean Vehicle Credit (which allows leasing) had not been available in 2023, 317,000 fewer EVs would have been registered (purchased and leased)—a 27 percent decrease.

The impact is not just on EV sales. A [study](#) released in August 2024 from the University of Miami Business School found that tax credits like the Clean Vehicle Credit that reward domestically manufactured products motivate global companies to increase their manufacturing investment in that country. Likewise, a study from Princeton University released in March 2025 also [found](#) that repeal of the Clean Vehicle Credit and the Commercial Clean Vehicle Credit as well as Environmental Protection Agency tailpipe emissions regulations could put all planned EV assembly facilities and up to half of existing facilities in danger of closing by 2030. An [April 2025 study](#) from the International Council on Clean Transportation found that eliminating the New Clean Vehicle Tax Credit, Commercial Clean Vehicle Tax Credit, and Advanced Manufacturing Tax Credit could eliminate 130,000 net manufacturing jobs by 2030 and another 310,000 jobs in indirect jobs.

Tax Credit Benefits 92,000 Manufacturing Jobs

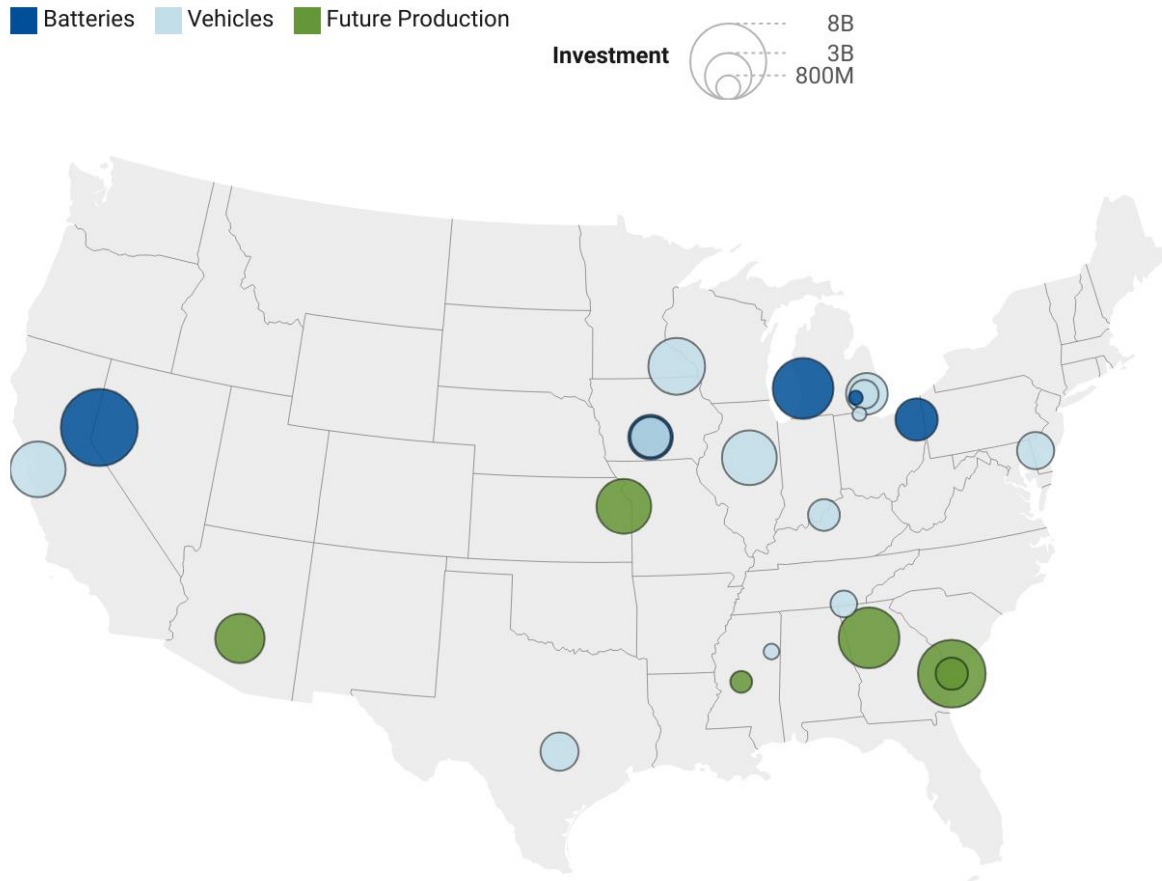
As of March 2025, there is \$41.7 billion of announced manufacturing investment at 18 facilities currently assembling vehicles or supplying batteries for New Clean Vehicle Tax Credit-eligible vehicles in 2024 and 2025 (Figure 1). These facilities support more than 72,000 announced jobs across nine states. **Of that investment, 65 percent of investment is in U.S. Congressional districts represented by Republicans.** The domestic content and domestic assembly incentives of the New Clean Vehicle Tax Credit are ensuring the vehicles

made in the United States are competitive with those made in other countries. The largest of these investments is in Nevada's 2nd district, represented by Mark Amodei—Tesla has committed \$8.3 billion and 10,200 jobs at its Gigafactory Nevada, which manufactures batteries and EV drive parts and will soon also assemble vehicles.² In Michigan's 4th district, represented by Bill Huizenga, LG Energy Solution has committed \$5 billion and 2,300 jobs at its Holland Battery Factory, which manufactures batteries for the Chrysler Pacifica Plug-in Hybrid. In Tennessee's 5th district, represented by Andy Ogles, General Motors has invested \$2 billion in its EV assembly plant where it makes the Acura ZDX and the Cadillac Lyriq and has partnered with LG Energy Solution to build a \$2.6 billion, 1,700-person Ultium Cells Spring Hill facility to manufacture batteries for the Cadillac Lyriq.

A further \$20.2 billion and 19,600 jobs have been announced for facilities that have stated they intend to assemble New Clean Vehicle Tax Credit eligible vehicles or manufacture batteries for them. For example, Rivian's R1S and R1T electric pickup trucks were eligible for a partial credit in 2024 and are not eligible in 2025. To ensure the upcoming R2 is eligible, the company is [changing its battery supplier](#) from Samsung SDI, that has been manufacturing its batteries in South Korea, to LG Energy Solution, that is building a plant in Queen Creek, Arizona. The 2025 Hyundai Ioniq 5 is also not eligible for the New Clean Vehicle Tax Credit in 2024 or 2025, so Hyundai [moved its production](#) to its new Metaplant in Savannah, Georgia in March 2025 and the company expects it will qualify later in 2025. Also in March 2025, Nissan [announced](#) an agreement to purchase batteries from SK On in Georgia for vehicles to be assembled in Canton, Mississippi. The company [expects](#) to be able to access the tax credit from 2026. This \$20.2 billion and 19,600 jobs do not count other movements by automakers to onshore production where automakers do not explicitly reference the tax credit as a motivator or the models.

² Tesla's Gigafactory Nevada also manufactures batteries for stationary storage. Stationary storage is outside the scope of this report, so this analysis attributes half of the announced battery investment and jobs to EV batteries and excludes the other half attributed to stationary storage.

Figure 1: Vehicle Assembly and Battery Manufacturing Facilities Supplying New Clean Vehicle Tax Credit Eligible Vehicles



Created with Datawrapper

For a table with all facilities benefiting vehicles eligible in 2024 or 2025, see Appendix B. For a table with all facilities that will allow vehicles to become eligible in the future, see Appendix C.

Source: [Clean Economy Tracker](#).

Changes to Tax Credit Risk Jobs Nationwide

The New Clean Vehicle Tax Credit is simultaneously supporting the domestic battery and EV supply chain and tens of thousands of jobs as it advances U.S. uptake of EVs to bridge the gap with China and Europe. Repealing the credit or making it harder to attain could

significantly curtail the growth of the burgeoning EV supply chain in the United States. Evidence suggests 18 currently operating facilities (see Appendix B) and another five facilities planned or under construction would be directly and significantly impacted by changes to the tax credit (see Appendix C).

Raising the effective price of the vehicles through changes to the New Clean Vehicle Tax Credit will decrease demand and, therefore, decrease U.S. production of the vehicles. Research for this analysis identified \$62 billion in pledged investment and 92,000 current or planned manufacturing jobs that credit change would put in jeopardy. The true impact is certainly greater because the New Clean Vehicle Tax Credit supports upstream production of critical minerals and battery components that are not quantified here. Eliminating or significantly changing the New Clean Vehicle Tax Credit risks depressing American manufacturing and ceding the race for the future of transportation to China and Europe.

Appendix A: Analysis Methodology

To identify the facilities producing New Clean Vehicle Tax Credit eligible vehicles, Atlas collected data on vehicles eligible for the credit in 2024 and 2025 via [FuelEconomy.gov](https://fuel-economy.gov). The updated credit was also available in 2023, however 2024 was the first full year of operations for the credit. The data was taken as of March 14, 2025, and at that time, FuelEconomy.gov had last been updated January 24, 2025. In total, FuelEconomy.gov includes 20 models from 13 brands in 2024 and 16 models from nine brands in 2025.

Atlas identified the batteries that go into those vehicles and where final assembly for the vehicles takes place. This analysis is focused on the domestic supply chain, so the scope is limited to U.S. facilities. Information was drawn from news reports, automaker websites, press releases, and contacts with company representatives. Where possible, assembly information was crosschecked with a model's Vehicle Identification Number (VIN), crosschecking a model's VIN with an Atlas Public Policy VIN decoder.

Atlas then matched these facilities with facilities tracked on the [Clean Economy Tracker](#), a tool that tracks the domestic clean energy supply chain. The total announced jobs and investment at a facility were matched to the facilities known to produce credit eligible vehicles. The total investment and jobs figures captured all jobs and investment in clean energy production at that facility, not just the positions working on New Clean Vehicle Tax Credit eligible production as that number was not possible to determine.

Our methodology undercounts facilities that benefit from the New Clean Vehicle Tax Credit for multiple reasons. First, we do not include facilities further up the supply chain, including the extraction or processing of critical minerals or the manufacturing of battery cells. The New Clean Vehicle Tax encourages investments in those facilities, but tracing that impact was out of scope. An [analysis](#) from the BlueGreen Alliance Foundation released in January 2025 takes a more expansive view of the impact of the tax credit and finds over 2,000 currently operating facilities in assembly, component manufacturing, materials, infrastructure-related equipment, remanufacturing, refurbishment, and aftermarket activities that are expected to benefit from the credit.

Second, information is not consistently available on battery manufacturing facilities and the vehicles that use those batteries. There is a chance that other battery facilities in the United States supply batteries to New Clean Vehicle Tax Credit-eligible vehicles that are not captured in this analysis as the companies have not disclosed this information. Finally, the list of vehicles eligible for the New Clean Vehicle Tax Credit will change over time and vehicles will be added to or removed from the list.

Appendix B: Clean Vehicle Tax Credit Facilities

Table 1: Facilities that will benefit from the Clean Vehicle Tax Credit through Battery or Vehicle Assembly based on current models

Congressional District	Company	Facility Name	Product	Model	Investment	Jobs
TN05	General Motors	Spring Hill Manufacturing	Vehicle assembly	Acura ZDX MY 24-25, Cadillac LYRIQ MY 24-25	\$2,000,000,000	3,693 ³
MI13	Stellantis	Detroit Assembly Complex - Mack Plant	Vehicle assembly	Jeep Grand Cherokee PHEV 4xe MY 22-24	Not disclosed	Not disclosed
GA03	Kia	Kia Georgia	Vehicle assembly	EV6 MY 25, EV9 MY26	\$217,000,000	200
IL17	Rivian	Normal Factory	Vehicle assembly	R1S MY 22-24, R1T MY 23-25	\$4,000,000,000	6,550
MI09	General Motors	Orion Factory	Vehicle assembly	Chevrolet Bolt EV MY 22-23, Chevrolet Bolt EUV MY 22-23	\$4,300,000,000	1,805
CA17	Tesla	Tesla Fremont Factory	Vehicle assembly	Model 3 MY 25, Model Y MY 25, Model X AWD MY 25	\$4,100,000,000	18,548

³ Jobs figures are not disaggregated by production line at this facility, so not all 3,693 workers necessarily work on the Acura ZDX and Cadillac LYRIQ.

How The Clean Vehicle Tax Credit Builds Domestic Manufacturing

Congressional District	Company	Facility Name	Product	Model	Investment	Jobs
MI12	Ford	Rouge Electric Vehicle Center	Vehicle assembly	F-150 Lightning MY 23-25	\$950,000,000	700
TN04	Nissan	Smyrna Vehicle Assembly Plant	Vehicle assembly	Leaf S MY 24, Leaf SV Plus MY 24	\$1,700,000,000	1,300
TX35	Tesla	Gigafactory 5	Vehicle assembly & Battery manufacturing	Cybertruck MY 25, Model Y MY 25	\$1,803,000,000	17,312
OH09	Stellantis	Toledo Assembly North Complex	Vehicle assembly	Jeep Wrangler PHEV 4xe MY 22-24	\$160,000,000	100
KY03	Ford	Louisville Assembly Plant	Vehicle assembly	Escape PHEV MY 22-25, Lincoln Corsair Grand Touring MY 22-25	\$1,200,000,000	Not disclosed
TN03	Volkswagen	Volkswagen Chattanooga Plant	Vehicle assembly	ID.4 AWD PRO MY 23-24	\$800,000,000	1,000
MI13	General Motors	Factory ZERO Detroit-Hamtramck Assembly Center	Vehicle assembly	Chevrolet Silverado EV MY 25	\$2,200,000,000	4,500
NV02	Tesla	Gigafactory Nevada	Battery manufacturing	Model 3 MY 25, Model Y MY 25	\$8,250,000,000	10,200
MI04	LG Energy Solution	Holland Battery Factory	Battery manufacturing	Chrysler Pacifica PHEV MY 22-24	\$5,003,000,000	2,330

How The Clean Vehicle Tax Credit Builds Domestic Manufacturing

Congressional District	Company	Facility Name	Product	Model	Investment	Jobs
TN05	General Motors/LG Energy Solution	Ultium Cells Spring Hill	Battery manufacturing	Acura ZDX MY 24-25, Cadillac LYRIQ MY 24-25, Cadillac OPTIQ MY 25, Chevrolet Blazer EV MY 24-25, Chevrolet Equinox EV MY 24-25, Chevrolet Silverado EV MY 25, Honda Prologue MY 24-25	\$2,575,000,000	1,700
OH14	General Motors/LG Energy Solution	Ultium Cells Warren	Battery manufacturing	Acura ZDX MY 24-25, Cadillac LYRIQ MY 24-25, Cadillac OPTIQ MY 25, Chevrolet Blazer EV MY 24-25, Chevrolet Equinox EV MY 24-25, Chevrolet Silverado EV MY 25, Honda Prologue MY 24-25	\$2,300,000,000	2,000
MI06	Ford	Rawsonville Components Plant	Battery manufacturing	Escape PHEV MY 22-25	\$170,000,000	375

Includes models from 2024 and 2025. Includes models that are eligible for full or partial credit. In some instances, jobs working on EVs (as opposed to internal combustion engine vehicles) are not disclosed, and so those rows are marked accordingly. Jobs and investment numbers include all announcements at that facility including operational, under construction or planned. At facilities that produce batteries for both EVs and storage, this report attributes half of the announced battery investment and jobs and filters out the half attributed to storage. MY refers to model year.

Source: Clean Economy Tracker

Appendix C: Future Clean Vehicle Tax Credit Facilities

Table 2: Facilities that will benefit from the Clean Vehicle Tax Credit through Battery or Vehicle Assembly based on future models

Congressional District	Company	Facility Name	Product	Model	Investment	Jobs
GA01	Hyundai/LG Energy Solution	Hyundai Motor Group Metaplant America	Vehicle assembly/Battery manufacturing	Ioniq 5, Ioniq 9, Kia EV9	\$7,540,000,000	8,500
MS02	Nissan	Canton Factory	Vehicle assembly	Ariya, Leaf SUV, Four unannounced models	\$500,000,000	2,000
AZ05	LG Energy Solution	LG Energy Solution Arizona	Battery manufacturing	Rivian R2	\$3,200,000,000	1,629
GA11	Hyundai/SK On	Bartow County Facility	Battery manufacturing	Kia EV6	\$5,000,000,000	3,500
KS03	Panasonic	Sunflower Plant	Battery manufacturing	Tesla Model 3, Tesla Model Y, Tesla Model X	\$4,000,000,000	4,000

Includes facilities where currently eligible batteries or vehicles will be produced or future batteries or vehicles will be produced with the intent to qualify for the credit based on company statements. At facilities that produce batteries for both EVs and storage, this report attributes half of the announced battery investment and jobs and filters out the half attributed to storage.

Source: Clean Economy Tracker



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