

PLYMOUTH INSTITUTE FOR FREE ENTERPRISE

## REPEAL OF ELECTRIC VEHICLE SUBSIDIES

Austin Gae, Policy Analyst  
APRIL 2026



**ADVANCING AMERICAN  
FREEDOM FOUNDATION**

**TOPLINE:** The One Big Beautiful Bill (OBBB) repealed about \$190 billion in electric vehicle (EV) subsidies that would have mostly benefited high-income households.

**BACKGROUND:** The [Inflation Reduction Act](#) of 2022 expanded subsidies that incentivize typically wealthier consumers to purchase EVs over gasoline-powered vehicles. At the same time, these subsidies steer American automakers to build cars based on political incentives rather than consumer demand. If retained over the long run, the subsidies would have left an important American industry dependent on continued government support.

### What the OBBB Did:

- [Repealed](#) the new EV subsidy of up to \$7,500, effective September 30, 2025.
- [Repealed](#) the used EV subsidy of up to \$4,000, effective September 30, 2025.
- [Repealed](#) the commercial EV subsidy of up to \$40,000, effective September 30, 2025.
- [Pushed forward](#) the expiration of the subsidy (of up to 30%) for EV charging stations and other alternative fuel vehicle refueling properties from December 31, 2032 to June 30, 2026.

### Why It Matters?

- These terminations will reduce the deficit by about [\\$190 billion](#) over a 10-year period from 2025 to 2034.
- These repeals help prevent politicians and lobbyists from meddling in decisions about which vehicles consumers purchase and what type of vehicles automakers manufacture, returning those decisions back to the people.
- Automakers can now focus on market conditions and consumer demand, instead of changing their business to chase government subsidies.

**Where Can I Find the Changes?** [OBBB Sec. 70501-70503](#);  
26 U.S. Code § [25E](#), [30C](#), [30D](#), [45W](#).

**BOTTOMLINE:** Consumers should be free to buy EVs if it fits their budget and their preferences, but forcing other Americans to subsidize such purchases is harmful and wrong. Congress should be applauded for repealing these special interest subsidies.

