

PLYMOUTH INSTITUTE FOR FREE ENTERPRISE

GREEN MANUFACTURING SUBSIDY ROLLBACK

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**ADVANCING AMERICAN
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TOPLINE: The One Big Beautiful Bill (OB BB) restricted about \$50 billion in green manufacturing production subsidies for politically favored solar, wind, batteries, inverters, and critical minerals.

BACKGROUND: The 2022 [Inflation Reduction Act](#) created the misnamed Advanced Manufacturing Production Credit to incentivize the production of solar panel components, wind turbine components, battery components, inverters, and minerals designated as "critical" to the government's heavy-handed push for a green energy transition. The subsidy amount is specific to the unique component. The subsidy phases out for components by 2032, except for the production of critical minerals (which were not given a sunset date).

What OB BB Does:

- [Phases](#) out the subsidy for minerals deemed critical for green energy by 2033.
- [Accelerates](#) the termination of the subsidy for wind energy components to December 31, 2027.
- Denies the subsidy for products and minerals that [rely too heavily](#) on Chinese inputs.

Why It Matters?

- The subsidy diverts capital investment toward [green energy manufacturing](#), benefiting less than 1% of the [U.S. manufacturing sector](#) at the expense of the other 99%.
- Government shouldn't subsidize the production of unreliable energy technologies like solar panels, wind turbines, and short-duration batteries at the expense of reliable energy sources.
 - Subsidies for less reliable energy contribute to grid unreliability.
- OB BB's restrictions on these subsidies will reduce the deficit by about [\\$50 billion](#) over a 10-year period (2025-2034), according to JCT estimates.

Where Can I Find the Changes? OB BB Section [70514](#); 26 U.S. Code § [45X](#).

BOTTOMLINE: Left to their own devices, American businesses are free to produce the goods that consumers demand, instead of those favored by politicians. Federal interventions like the Advanced Manufacturing Production Credit make companies focus on what the government wants instead of what consumers want. Ideally, Congress should have ended the subsidy immediately, but Congress should be applauded for rolling back these subsidies.

