

Congress of the United States

Washington, DC 20510

The Honorable Nancy Pelosi Speaker
U.S. House of Representatives Washington,
D.C. 20515

The Honorable Richard Neal
Chairman, Ways and Means
U.S. House of Representatives Washington,
D.C. 20515

August 30, 2021

Dear Speaker Pelosi and Chairman Neal,

As Congress advances legislation this Fall through budget reconciliation to make historic investments in U.S. infrastructure and competitiveness, we respectfully urge the inclusion of new manufacturing tax incentives to establish a domestic supply chain for the critical materials essential to the automotive and renewable energy industries.

Currently, the U.S. lacks a commercial-scale capability to manufacture rare earth permanent magnets that are widely used in electric vehicles, wind turbines, and other advanced technologies. According to a recent White House supply chain report, the U.S. has lost at least four rare earth magnet production facilities since 1992, and rare earth elements produced in the United States are sent to China for separation and processing. Fortunately, American companies are actively developing promising new methods to support a U.S.-based supply chain for rare earth permanent magnets.

H.R. 5033, the *Rare Earth Magnet Manufacturing Production Tax Credit Act* would provide tailored incentives to reward and accelerate those developments and would help restore domestic production of rare earth magnets, including through international supply chain collaborations with allied nations. The bipartisan bill creates a \$20 per kilogram production tax credit (PTC) for rare earth magnets manufactured in the U.S. and a \$30 per kilogram PTC for magnets that are manufactured in the United States and for which all component rare earth material is produced, recycled or reclaimed domestically.

Production tax credits can play a critical role in achieving market transformation in the clean energy sectors, as well as restoring a U.S. supply chain for rare earth magnets. This legislation will also help implement President Biden's Executive Order on America's Supply Chains, the White House 100-day supply chain review, and ambitious new targets for electric vehicles.

Congress has the opportunity to strengthen and secure the supply chain for rare earth permanent magnets to Build Back Better. We urge you to include H.R. 5033, the *Rare Earth Magnet Manufacturing Production Tax Credit Act* in the upcoming reconciliation package and look forward to working with you on incentives to stimulate a modern, clean energy economy.

Sincerely,



Eric Swalwell

Member of Congress



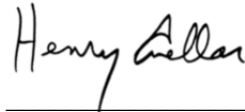
Steven Horsford

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