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### **Leading Battery and Critical Minerals Groups Seek Improvements to 45X Tax Credit**

**Washington, D.C.** – Today, as the leading voices of the battery and critical minerals industries, our organizations are raising significant concerns regarding the changes made to the Section 45X Advanced Manufacturing Production Tax Credit by the House of Representatives last week in its “One Big Beautiful Bill” Act. As the language now stands, the tax credit is rendered unworkable for industry. While the industry shares Congress’s desire for greater fiscal responsibility and deficit reduction, these changes further cede supply chain leadership to China and weaken America’s economic and national security.

The U.S. critical minerals and battery supply chain industries have long advocated to block China and other adversaries – through Foreign Entity of Concern (FEOC) provisions – from gaining access to government incentives. FEOC serves as a protective legal barrier to boost domestic energy independence and global supply chain security, allowing the U.S. to partner with friends and allies while shutting out those who do not play by the same rules.

However, the changes to 45X passed by the House are prohibitive and confusing and will not effectively meet these goals. The Foreign Entities of Concern (FEOC) requirements in the bill are overly restrictive, effectively serving as a repeal. In addition, implementing these requirements at the IRS would be nearly impossible and at the very least require additional agency resources to enforce.

Additionally, shortening the lifespan of the critical minerals portion of the 45X credit removes the possibility that the critical minerals sector will meaningfully benefit from the credit and undermines the credit’s potential for strengthening national and economic security via our supply chains. If enacted as written, companies will only be able to access this credit once a facility is operational. Since many potentially eligible facilities are not scheduled to achieve full operation for some time, the credit will only be available for a short window during the operational life of such a facility. A predictable tax environment is essential to ensure that the companies developing these facilities are able to secure financing and raise capital today.

We urge Congress to address these concerns regarding the 45X tax credit in order to stimulate the growth of a domestic battery and critical minerals supply chain, while still preventing China and other FEOC nations from benefitting from this American tax policy.

#### **American Critical Minerals Association (ACMA)**

“ACMA applauds congressional efforts to achieve greater fiscal responsibility and address our national deficit and believes predictable tax policy is key achieving to that goal. The 45X advanced manufacturing production tax credit is critical to ensure our economic and national security as we seek to reshore and onshore supply chains essential

to our national economy. As the Senate considers changes to the 45X advanced manufacturing production tax credit, ACMA urges the addition of workable foreign entity of concern provisions as well as the preservation of other key components.”

#### **Battery Advocacy for Technology Transformation (BATT)**

“Protecting the upstream battery supply chain from the Chinese market manipulation tactics is a core goal for our coalition, but the FEOC language in this new bill fails to create clear and achievable restrictions that will allow companies already doing the right thing to receive the production credit. We look forward to continued engagement with Congress to find a workable solution that holds industry accountable to sourcing outside of China while also incentivizing the growth of those supply chains outside of China.”

#### **Battery Materials & Technology Coalition (BMTC)**

“Congress has already done excellent bipartisan legislative work in the Infrastructure Investment and Jobs Act (IIJA) and the CHIPS and Science Act on the issue of restricting FEOCs from accessing U.S. incentives. We should build off that work and apply it to 45X in a reasonable and advantageous way that helps our industry scale up over the next several years. We’re already encouraged to hear from several Members of Congress that they feel the same way. We look forward to working with the Senate on revisions and technical corrections to the reconciliation bill and ultimately passing fiscally responsible legislation that supports growth of foundational industries in America. “

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