



**STATE OF NORTH CAROLINA
OFFICE OF THE GOVERNOR**

**JOSH STEIN
GOVERNOR**

June 11, 2025

The Honorable John Thune
Majority Leader
U.S. Senate
511 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Mike Crapo
Chairman
Committee on Finance, U.S. Senate
251 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Thom Tillis
U.S. Senator
113 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Ted Budd
U.S. Senator
354 Russell Senate Office Building
Washington, DC 20510

Dear Leader Thune, Chairman Crapo, and Senators Tillis and Budd:

As you prepare for Senate consideration of the budget reconciliation bill (H.R. 1), I am writing to urge you to change provisions on energy and manufacturing tax credits that passed the House of Representatives that would have harmful impacts for people and businesses in North Carolina.

North Carolina has emerged as a top state for clean energy business investment. Our state is currently benefitting from decisions to locate advanced manufacturing facilities for clean energy technologies, including batteries for storage and vehicle applications, solar panels, cells, and wafers, electric vehicle charging stations, transformers, critical minerals, and a wide variety of grid-enhancing products in North Carolina. Altogether since the second quarter of 2022, more than \$24 billion in clean energy technology investments have been announced across North Carolina, which already or will soon employ tens of thousands of people. This is in addition to the more than 100,000 people already employed in the clean energy sector in North Carolina.

The abrupt changes to these credits as proposed in H.R. 1 would jeopardize much of this investment and stifle the demand that many companies were counting on – and conflict with the goals of reshoring manufacturing that the Trump Administration has championed. Companies have been making significant investment decisions based on the assumption that these credits will remain in place. Demand for American-made products has been turbocharged by these tax credits, helping to make U.S. manufactured goods cost competitive while our domestic industry scales up and continues to innovate.

Businesses need certainty. Repealing these credits would hurt investor confidence and the ability of companies to make long term decisions and could lead to widespread freezes in investments. H.R. 1 would also hurt our national security by slowing the development of much needed supply chains for critical minerals, advanced batteries, and key technologies central to our military readiness.

Specifically, H.R. 1 effectively repeals a suite of vital tax credits that are both helping North Carolinians save money and driving economic growth across the state. This includes tax credits for clean energy, advanced manufacturing, rooftop solar and home energy efficiency products, and electric vehicles. Repealing these credits would threaten more than 20,000 jobs in North Carolina, put billions of dollars of investment at risk, and cause a significant increase in electricity prices— more than 13 percent for households and more than 20 percent for businesses across our state. Such an increase in prices will mean an average North Carolina family pays an additional \$200 or more annually to power their homes.

H.R. 1 also includes complex restrictions around on-shoring that would make most of the credits unusable, disrupting existing investments. North Carolina and our companies in the clean technology sector share the Administration's goals of developing robust domestic supply chains for these technologies. However, H.R. 1's unworkable language regarding foreign entities of concern would prevent companies from establishing the foothold in the U.S. that they need to support the development of domestic supply chains. I urge you to work with industry to ensure these are designed in a workable manner that does not undermine U.S. competitiveness.

H.R.1 further includes detrimentally hasty sunsets to the clean electricity investment and production tax credits (48E and 45Y) that risk significant investments already made in North Carolina. The bill also includes harmful earlier sunsets of the advanced manufacturing production credit (45X) and many others. I urge you to provide a longer timeline with more gradual phasedown dates for the credits to ensure we can continue providing affordable energy, batteries, and other products to meet growing demand into the 2030s.


The true costs of H.R. 1 could be even higher than projected, given that many clean energy development projects underway across North Carolina would no longer be eligible for the 48E and 45Y credits because they may not meet either the bill's 60-day deadline to start construction or the bill's 2028 deadline to place the project into service. I urge you to remove this deadline. Developers have already invested in projects that cannot meet this deadline, which means that costs that could be saved by these credits will instead be passed on to household, business, and industrial electricity customers. I also urge you to ensure that the phaseout of the credits is based on when a project commences construction, rather than when it is placed in service. These provisions, if not fixed, will have a number of ripple effects—from making it harder to attract investment in the state because of higher energy costs and delayed or canceled projects, to making it extremely expensive or impossible to meet the growing electricity demand from AI infrastructure.

The changes I have mentioned will help ensure that North Carolina's boom in clean energy technology manufacturing and investment continues. Should the House language remain in place, repealing these tax credits would be extremely damaging for our families and businesses.

North Carolina has taken responsible, bipartisan steps to strengthen its business climate and attract investments and industry to our state. Clean energy projects and related advanced manufacturing contribute to communities across our state and are helping our nation become more secure and more prosperous. It is critical that we prevent the detrimental effects of repealing these credits and continue to promote a stable investment climate that can attract leading business to North Carolina and the rest of the country.

Thank you for your service and for your consideration of this critical issue.

Sincerely,

A handwritten signature in black ink, reading "Josh Stein". The signature is fluid and cursive, with the first name "Josh" and the last name "Stein" clearly distinguishable.

Josh Stein
Governor of North Carolina

Cc: North Carolina Members of the House of Representatives