

119TH CONGRESS
1ST SESSION

H. R. 2814

To amend the Internal Revenue Code of 1986 to establish an enhanced deduction for wages paid to automobile manufacturing workers, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 10, 2025

Mr. BALDERSON (for himself and Mr. BARR) introduced the following bill; which was referred to the Committee on Energy and Commerce, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend the Internal Revenue Code of 1986 to establish an enhanced deduction for wages paid to automobile manufacturing workers, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) **SHORT TITLE.**—This Act may be cited as the
5 “Transportation Freedom Act”.

6 (b) **TABLE OF CONTENTS.**—The table of contents of
7 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—SUPPORT FOR AMERICAN AUTOMOBILE
MANUFACTURING

Sec. 101. Enhanced deduction for wages paid to automobile manufacturing workers.

TITLE II—MULTIPOLLUTANT EMISSIONS STANDARDS

- Sec. 201. Repeal of multipollutant emissions standards for light-duty and medium-duty vehicles.
- Sec. 202. Repeal of phase 3 heavy-duty vehicle greenhouse gas emissions standards.
- Sec. 203. Repeal of CAFE standards rules.

TITLE III—EMISSIONS WAIVERS

Sec. 301. Elimination of vehicle emissions waivers.

TITLE IV—FEDERAL GREENHOUSE GAS EMISSIONS STANDARDS
AND CAFE STANDARDS

Subtitle A—Establishment of New Passenger Automobile Standards

- Sec. 401. Definitions.
- Sec. 402. Establishment of CAFE standards and greenhouse gas emissions standards.
- Sec. 403. Compliance with fleet average carbon dioxide emissions standards.
- Sec. 404. Authorization of appropriations.

Subtitle B—Establishment of New Heavy-duty Vehicle Standards

Sec. 411. Establishment of heavy-duty vehicle greenhouse gas emissions standards.

1 **TITLE I—SUPPORT FOR AMER-**
2 **ICAN AUTOMOBILE MANU-**
3 **FACTURING**

4 **SEC. 101. ENHANCED DEDUCTION FOR WAGES PAID TO**
5 **AUTOMOBILE MANUFACTURING WORKERS.**

6 (a) IN GENERAL.—Part VI of subchapter B of chap-
7 ter 1 of the Internal Revenue Code of 1986 is amended
8 by adding at the end the following new section:

1 **“SEC. 199B. WAGES PAID TO AUTOMOBILE MANUFAC-**
2 **TURING WORKERS.**

3 “(a) IN GENERAL.—In the case of any taxable year
4 for which an election is made under subsection (g) by a
5 qualifying taxpayer, there shall be allowed a deduction
6 equal to 200 percent of an amount equal to the total
7 amount of eligible wages paid or incurred by such taxpayer
8 during such taxable year.

9 “(b) QUALIFYING TAXPAYER.—For purposes of this
10 section, the term ‘qualifying taxpayer’ means an entity
11 which, with respect to any taxable year—

12 “(1) is engaged in the production of auto-
13 mobiles or automotive components in the United
14 States,

15 “(2) with respect to any automobiles, light-duty
16 trucks, and heavy-duty trucks sold by the entity for
17 use in the United States during the preceding tax-
18 able year, the final assembly (as defined in section
19 30D(d)(5)) of not less than 75 percent of such vehi-
20 cles occurred in the United States,

21 “(3) with respect to the manufacturing of fin-
22 ished engines, transmissions, or advanced battery
23 cells (including manufacturing pursuant to joint ven-
24 tures or other collaborative manufacturing agree-
25 ments) during the preceding taxable year, not less
26 than 75 percent of such finished engines, trans-

1 missions, or advanced battery cells which were incor-
2 porated into new automobiles, light-duty trucks, or
3 heavy-duty trucks for sale by the entity were pro-
4 duced in the United States,

5 “(4) during the preceding taxable year, did not
6 transfer production outside of the United States of
7 any automobile or automobile component manufac-
8 tured in the United States,

9 “(5) during the preceding taxable year, with re-
10 spect to all applicable individuals, offered—

11 “(A) coverage for the applicable individual
12 under a group health plan in the platinum level
13 of coverage (as described in section
14 1302(d)(1)(D) of the Patient Protection and
15 Affordable Care Act (42 U.S.C.
16 18022(d)(1)(D))) or a higher level of coverage,
17 and

18 “(B) participation in a defined benefit plan
19 or defined contribution plan that meets the ap-
20 plicable requirement of subsection (e),

21 “(6) during the preceding taxable year, with re-
22 spect to all retired individuals who, prior to retire-
23 ment, were applicable individuals, offered coverage
24 for the retired individual under a group health plan
25 in the platinum level of coverage (as described in

1 section 1302(d)(1)(D) of the Patient Protection and
2 Affordable Care Act (42 U.S.C. 18022(d)(1)(D))) or
3 a higher level of coverage,

4 “(7) with respect to every \$1,000,000,000 dis-
5 tributed as non-recurring dividends, or in stock
6 which was redeemed (within the meaning of section
7 317(b)), by such entity during such taxable year,
8 provided not less than \$2,000 to each applicable in-
9 dividual through a profit-sharing plan, with such
10 amount to be in addition to any prior commitment
11 made by the entity pursuant to an existing profit-
12 sharing plan, as determined as of the date of such
13 distribution or redemption, and

14 “(8) maintained a neutral position during the
15 preceding taxable year—

16 “(A) in any labor organization organizing
17 effort, and

18 “(B) with respect to the exercise of em-
19 ployees and labor organizations of their rights
20 under the National Labor Relations Act (29
21 U.S.C. 151 et seq.).

22 “(c) ELIGIBLE WAGES.—

23 “(1) IN GENERAL.—For purposes of this sec-
24 tion, the term ‘eligible wages’ means any wages paid
25 or incurred by a qualifying taxpayer during the tax-

1 able year to any applicable individual, provided that
2 the wages paid to such individual during such tax-
3 able year are not less than the 75th percentile of
4 wages paid for the occupation of the individual (as
5 designated in accordance with the Standard Occupa-
6 tional Classification System) with respect to the ap-
7 plicable 4-digit industry group code of the North
8 American Industry Classification System.

9 “(2) LIMITATION.—The amount of wages which
10 may be taken into account under subsection (a)(1)
11 with respect to any applicable individual shall not
12 exceed \$150,000 per taxable year.

13 “(d) APPLICABLE INDIVIDUAL.—For purposes of this
14 section, the term ‘applicable individual’ means an indi-
15 vidual directly engaged in the manufacturing of auto-
16 mobiles or automotive components in the United States.

17 “(e) PENSION REQUIREMENTS.—

18 “(1) DEFINED BENEFIT PENSION PLANS.—The
19 requirement described in this subsection with respect
20 to a defined benefit plan is that such plan is pro-
21 jected to provide an applicable individual with not
22 less than 50 percent wage replacement upon retire-
23 ment, for the entire length of the individual’s retire-
24 ment, provided the applicable individual is employed

1 by the qualifying taxpayer and a participant in the
2 plan for a minimum of 30 years.

3 “(2) DEFINED CONTRIBUTION PENSION
4 PLANS.—The requirement described in this sub-
5 section with respect to a defined contribution plan is
6 that such plan is a qualified cash or deferred ar-
7 rangement as defined in section 401(k) under the
8 terms of which the employer contribution is not less
9 than 10 percent of the participating employee’s
10 wages during the preceding tax year.

11 “(f) DENIAL OF DEDUCTION FOR TRADE OR BUSI-
12 NESS EXPENSES.—No deduction shall be allowed under
13 section 162(a) with respect to any wages or contributions
14 taken into account in determining the deduction under
15 subsection (a).

16 “(g) ELECTION.—Subsection (a) shall apply only
17 with respect to such portion of the eligible wages paid or
18 incurred by the qualifying taxpayer, or contributions made
19 by such taxpayer, during the taxable year as are elected
20 by such taxpayer.

21 “(h) CERTIFICATION.—No deduction shall be allowed
22 under subsection (a) unless the taxpayer submits to the
23 Secretary (at such times and in such manner as the Sec-
24 retary provides) a certification that the applicable require-
25 ments under this section have been satisfied.”.

1 (b) ADJUSTED FINANCIAL STATEMENT INCOME.—
2 Section 56A(c) of the Internal Revenue Code of 1986 is
3 amended—

4 (1) by redesignating paragraph (15) as para-
5 graph (16), and

6 (2) by inserting after paragraph (14) the fol-
7 lowing new paragraph:

8 “(15) WAGES PAID TO AUTOMOBILE MANUFAC-
9 TURING WORKERS.—Adjusted financial statement in-
10 come shall be—

11 “(A) reduced by the deduction for eligible
12 wages allowed under section 199B to the extent
13 of the amount allowed as deductions in com-
14 puting taxable income for the taxable year, and

15 “(B) appropriately adjusted—

16 “(i) to disregard any wages taken into
17 account on the taxpayer’s applicable finan-
18 cial statement that were also taken into ac-
19 count in determining the amount of the de-
20 duction allowed under section 199B, and

21 “(ii) to take into account any other
22 item specified by the Secretary in order to
23 provide that such wages are accounted for
24 in the same manner as accounted for
25 under this chapter.”.

1 (c) CLERICAL AMENDMENT.—The table of sections
2 for part VI of subchapter B of chapter 1 of such Code
3 is amended by adding at the end the following new item:

“Sec. 199B. Wages paid to automobile manufacturing workers.”.

4 (d) EFFECTIVE DATE.—The amendments made by
5 this section shall apply to taxable years beginning after
6 the date of enactment of this Act.

7 **TITLE II—MULTIPOLLUTANT** 8 **EMISSIONS STANDARDS**

9 **SEC. 201. REPEAL OF MULTIPOLLUTANT EMISSIONS** 10 **STANDARDS FOR LIGHT-DUTY AND MEDIUM-** 11 **DUTY VEHICLES.**

12 The final rule of the Administrator of the Environ-
13 mental Protection Agency entitled “Multi-Pollutant Emis-
14 sions Standards for Model Years 2027 and Later Light-
15 Duty and Medium-Duty Vehicles” (89 Fed. Reg. 27842
16 (April 18, 2024)) shall have no force or effect.

17 **SEC. 202. REPEAL OF PHASE 3 HEAVY-DUTY VEHICLE** 18 **GREENHOUSE GAS EMISSIONS STANDARDS.**

19 The final rule of the Administrator of the Environ-
20 mental Protection Agency entitled “Greenhouse Gas
21 Emissions Standards for Heavy-Duty Vehicles—Phase 3”
22 (89 Fed. Reg. 29440 (April 22, 2024)) shall have no force
23 or effect.

1 **SEC. 203. REPEAL OF CAFE STANDARDS RULES.**

2 The final rules of the National Highway Traffic Safe-
3 ty Administration entitled “Corporate Average Fuel Econ-
4 omy Standards for Passenger Cars and Light Trucks for
5 Model Years 2027 and Beyond and Fuel Efficiency Stand-
6 ards for Heavy-Duty Pickup Trucks and Vans for Model
7 Years 2030 and Beyond” (89 Fed. Reg. 52540 (June 24,
8 2024)) and “Corporate Average Fuel Economy Standards
9 for Passenger Cars and Light Trucks for Model Years
10 2027–2032 and Fuel Efficiency Standards for Heavy-
11 Duty Pickup Trucks and Vans for Model Years 2030–
12 2035; Correction” (89 Fed. Reg. 60832 (July 29, 2024))
13 shall have no force or effect.

14 **TITLE III—EMISSIONS WAIVERS**

15 **SEC. 301. ELIMINATION OF VEHICLE EMISSIONS WAIVERS.**

16 (a) AMENDMENT.—Section 209(b) of the Clean Air
17 Act (42 U.S.C. 7543(b)) is amended by adding at the end
18 the following:

19 “(4) NO FURTHER WAIVERS.—Notwithstanding
20 any other provision of this section, beginning on the
21 date of enactment of this paragraph, the Adminis-
22 trator shall not grant a waiver under paragraph (1)
23 to enforce a standard for the control of emissions
24 from new motor vehicles or new motor vehicle en-
25 gines that differs from a standard established under
26 this Act by the Administrator.”.

1 (b) REVOCATION OF EXISTING STANDARDS.—Each
2 waiver issued under section 209(b) of the Clean Air Act
3 (42 U.S.C. 7543(b)) before the date of enactment of this
4 Act, including any waiver issued under that section to the
5 State of California for zero-emission vehicle mandates, is
6 revoked.

7 (c) REPEAL.—

8 (1) IN GENERAL.—Section 177 of the Clean Air
9 Act (42 U.S.C. 7507) is repealed.

10 (2) CONFORMING AMENDMENT.—Section
11 249(e)(3) of the Clean Air Act (42 U.S.C.
12 7589(e)(3)) is amended by striking the second sen-
13 tence.

14 **TITLE IV—FEDERAL GREEN-**
15 **HOUSE GAS EMISSIONS**
16 **STANDARDS AND CAFE**
17 **STANDARDS**

18 **Subtitle A—Establishment of New**
19 **Passenger Automobile Standards**

20 **SEC. 401. DEFINITIONS.**

21 In this subtitle:

22 (1) ADMINISTRATOR.—The term “Adminis-
23 trator” means the Administrator of the Environ-
24 mental Protection Agency.

1 (2) CAFE STANDARDS.—The term “CAFE
2 standards” means the Corporate Average Fuel
3 Economy standards required under section 32902(a)
4 of title 49, United States Code.

5 (3) GREENHOUSE GAS EMISSIONS.—The term
6 “greenhouse gas emissions” means emissions of car-
7 bon dioxide, methane, nitrous oxide, and other gases
8 that contribute to climate change.

9 (4) SECRETARY.—The term “Secretary” means
10 the Secretary of Transportation.

11 **SEC. 402. ESTABLISHMENT OF CAFE STANDARDS AND**
12 **GREENHOUSE GAS EMISSIONS STANDARDS.**

13 (a) NEW STANDARDS.—

14 (1) CAFE STANDARDS.—Not later than 180
15 days after the date of enactment of this Act, the
16 Secretary, in consultation with the Secretary of En-
17 ergy and the Administrator, shall establish CAFE
18 standards for passenger automobiles (as defined in
19 section 32901(a) of title 49, United States Code)
20 and light-duty trucks (as defined in section
21 86.1803–01 of title 40, Code of Federal Regulations
22 (or a successor regulation)) for model years 2027
23 through 2035 in accordance with this section.

24 (2) EPA EMISSIONS STANDARDS.—Not later
25 than 180 days after the date of enactment of this

1 Act, and notwithstanding any other provision of law,
2 the Administrator, in coordination with the Sec-
3 retary, shall establish standards for greenhouse gas
4 emissions from new motor vehicles and new motor
5 vehicle engines (as those terms are defined in section
6 216 of the Clean Air Act (42 U.S.C. 7550)) under
7 section 202 of the Clean Air Act (42 U.S.C. 7521)
8 for model years 2027 through 2035 in accordance
9 with this section.

10 (b) REQUIREMENTS.—

11 (1) BASES.—The CAFE standards and green-
12 house gas emissions standards established under
13 paragraphs (1) and (2), respectively, of subsection

14 (a) shall—

15 (A) be based on economic practicability
16 and reflect achievable technological advance-
17 ments based on market readiness and afford-
18 ability; and

19 (B) be based on evidence from industry ca-
20 pacity, historical data, and independent expert
21 assessments to determine feasibility and eco-
22 nomic impact, including on motor vehicle manu-
23 facturing job quality and stability.

24 (2) CAFE STANDARDS.—Notwithstanding any
25 other provision of law, in establishing the CAFE

1 standards under subsection (a)(1), the Secretary
2 may not consider the fuel economy of dedicated
3 automobiles in any baseline fleet or scenario.

4 (3) GREENHOUSE GAS STANDARDS.—Notwith-
5 standing any other provision of law, the greenhouse
6 gas emissions standards established under sub-
7 section (a)(2)—

8 (A) shall be technologically feasible and
9 economically practicable for vehicles of any
10 weight class or category when operated on re-
11 formulated gasoline that complies with section
12 211(o) of the Clean Air Act (42 U.S.C.
13 7545(o)); and

14 (B) shall not require, directly or indirectly,
15 the production or sale of vehicles operated on
16 electricity.

17 (c) CONSULTATION.—

18 (1) IN GENERAL.—In establishing the CAFE
19 standards and greenhouse gas emissions standards
20 required under paragraphs (1) and (2), respectively,
21 of subsection (a), the Secretary and the Adminis-
22 trator shall, after providing adequate notice, consult
23 with manufacturers (as defined in section 32901(a)
24 of title 49, United States Code), energy producers,
25 consumer groups, and other relevant stakeholders.

1 (2) USE OF FEEDBACK.—Any feedback received
2 from an entity described in paragraph (1) during a
3 consultation described in that paragraph shall be
4 considered by the Secretary and the Administrator
5 to ensure the CAFE standards and greenhouse gas
6 emissions standards required under paragraphs (1)
7 and (2), respectively, of subsection (a) are techno-
8 logically and economically achievable.

9 (d) REPORTS; ADJUSTMENT OF STANDARDS.—

10 (1) REPORTS.—The Secretary and the Adminis-
11 trator shall each submit to Congress a biennial re-
12 port detailing progress toward achieving the applica-
13 ble standards established under subsection (a) for
14 2035.

15 (2) ADJUSTMENT OF STANDARDS.—Based on
16 findings in a report submitted under paragraph (1),
17 including market conditions, technological advance-
18 ments, and economic impact assessments, the Sec-
19 retary and the Administrator, as applicable, may ad-
20 just the CAFE standards and greenhouse gas emis-
21 sions standards required under paragraphs (1) and
22 (2), respectively, of subsection (a).

23 (e) CONTINUATION OF CURRENT STANDARDS.—If
24 the Secretary and the Administrator do not establish the
25 CAFE standards and greenhouse gas emissions standards

1 required under paragraphs (1) and (2), respectively, of
2 subsection (a) by the deadlines described in those para-
3 graphs, the CAFE standards and greenhouse gas emis-
4 sions standards for model year 2025 shall continue in ef-
5 fect through model year 2035.

6 **SEC. 403. COMPLIANCE WITH FLEET AVERAGE CARBON DI-**
7 **OXIDE EMISSIONS STANDARDS.**

8 (a) GREENHOUSE GAS EMISSIONS STANDARDS.—
9 Section 206 of the Clean Air Act (42 U.S.C. 7525) is
10 amended by adding at the end the following:

11 “(i) DEEMED COMPLIANCE.—If a manufacturer com-
12 plies with the applicable Corporate Average Fuel Economy
13 standards required under section 32902(a) of title 49,
14 United States Code, in a model year with respect to the
15 passenger automobiles, non-passenger automobiles, and
16 work trucks (as those terms are defined in section
17 32901(a) of that title) manufactured by the manufacturer,
18 including through payment of civil penalties pursuant to
19 section 32919 of that title or through the purchase of
20 credits available to the manufacturer under section 32903
21 of that title, the manufacturer shall be considered to be
22 in compliance with fleet-average greenhouse gas emissions
23 standards under section 202, including fleet-average car-
24 bon dioxide emissions standards, that are applicable to
25 those vehicles in that model year.”.

1 (b) CAFE STANDARDS.—Section 32902 of title 49,
2 United States Code, is amended by adding at the end the
3 following:

4 “(1) DEEMED COMPLIANCE.—If a manufacturer com-
5 plies with the fleet-average greenhouse gas emissions
6 standards under section 202 of the Clean Air Act (42
7 U.S.C. 7521), including fleet-average carbon dioxide emis-
8 sions standards, for light-duty vehicles and medium-duty
9 vehicles (as those terms are defined in section 86.1803–
10 01 of title 40, Code of Federal Regulations (or a successor
11 regulation)) for a model year, including through purchased
12 credits, the manufacturer shall be considered to be in com-
13 pliance with the average fuel economy standard prescribed
14 under this section applicable to those vehicles in that
15 model year.”.

16 **SEC. 404. AUTHORIZATION OF APPROPRIATIONS.**

17 There are authorized to be appropriated such sums
18 as are necessary to carry out this subtitle and the amend-
19 ments made by this subtitle.

20 **Subtitle B—Establishment of New**
21 **Heavy-duty Vehicle Standards**

22 **SEC. 411. ESTABLISHMENT OF HEAVY-DUTY VEHICLE**
23 **GREENHOUSE GAS EMISSIONS STANDARDS.**

24 (a) DEFINITIONS.—In this section:

1 (1) ADMINISTRATOR.—The term “Adminis-
2 trator” means the Administrator of the Environ-
3 mental Protection Agency.

4 (2) GREENHOUSE GAS EMISSIONS.—The term
5 “greenhouse gas emissions” means emissions of car-
6 bon dioxide, methane, nitrous oxide, and other gases
7 that contribute to climate change.

8 (b) NEW STANDARDS.—

9 (1) IN GENERAL.—Not later than 180 days
10 after the date of enactment of this Act, the Adminis-
11 trator, in consultation with the Secretary of Trans-
12 portation, shall publish in the Federal Register new
13 greenhouse gas emissions standards for heavy-duty
14 trucks beginning no earlier than model year 2027.

15 (2) INTERIM STANDARDS.—During the period
16 beginning on the date of enactment of this Act and
17 ending on the date on which the new greenhouse gas
18 emissions standards established under paragraph (1)
19 is finalized, the greenhouse gas emissions standards
20 for heavy-duty trucks shall be the standards for
21 model year 2024 as described in the final rule of the
22 Administrator and the Administrator of the National
23 Highway Traffic Safety Administration entitled
24 “Greenhouse Gas Emissions and Fuel Efficiency
25 Standards for Medium- and Heavy-Duty Engines

1 and Vehicles—Phase 2” (81 Fed. Reg. 73478 (Octo-
2 ber 25, 2016)).

3 (c) REQUIREMENTS.—The greenhouse gas emissions
4 standards established under subsection (b)(1) shall—

5 (1) reflect achievable technological advance-
6 ments based on market readiness and affordability;
7 and

8 (2) be based on evidence from industry capac-
9 ity, historical market adoption data, technological
10 advancements, and independent expert assessments
11 to determine feasibility and economic impact, includ-
12 ing on motor vehicle manufacturing job quality and
13 stability.

14 (d) CONSULTATION.—In establishing the greenhouse
15 gas emissions standards under subsection (b)(1), the Ad-
16 ministrator shall, after providing adequate notice, consult
17 with manufacturers, automotive dealers, end users, energy
18 producers, consumer groups, and other relevant stake-
19 holders.

○