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EV, battery manufacturers moving ahead on projects despite Trump's views, actions

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The first of two Kokomo factories to make batteries for Stellantis electric vehicles opened in December. The project is a joint venture of Stellantis NV and Samsung SDI. (IBJ photo/Mickey Shuey)

Potential rollbacks of Biden-era policies that incentivized electric vehicle production and ownership have stirred apprehension among some local economic development officials across the state, but Kokomo Mayor Tyler Moore said he isn’t among those losing sleep just yet.

Tyler Moore

Much is at stake in Kokomo. A company benefiting from the previous incentives program is spending $6.3 billion to build two EV battery factories in Kokomo with plans to employ as many as 2,800 full-time workers by the end of the decade.

Moore acknowledged he’s keeping an eye on Trump’s plans. But so far, StarPlus Energy LLC—a joint venture of carmaker Stellantis NV and microelectronics manufacturer Samsung SDI—has given Moore no reason to think the companies plan to hit the brakes on their development. The plants are designed to produce batteries for Stellantis’ domestic lineup of electric vehicles from Jeep, Dodge and Chrysler.

“With as fast as everything’s moving, it’s still too early to really tell how things are going to shake out, but we’re remaining cautiously optimistic about how things will go here in Kokomo, especially at the battery plant,” Moore said.

The federal government committed in December to providing StarPlus with a $7.54 billion loan for the two factories. But Trump has expressed skepticism about the federal CHIPS and

Science Act that made that loan and other incentives for domestic, high-tech production possible.

His administration is approaching America's dependency on foreign trade differently—imposing tariffs that encourage domestic production by making foreign goods more expensive. Whether he and the Republican-controlled Congress will try to pull back on CHIPS Act commitments is still a question.

The answer matters to more than just Kokomo.

Several investments related to electric vehicles and batteries are planned across Indiana in the coming years. Those include a $3.5 billion investment from General Motors and Samsung SDI in St. Joseph County, upgrades to the Toyota production plant in Princeton, a battery separator facility in Terre Haute and the recently completed upgrades to Cummins' operation in Columbus.

Many of those investments were also spurred by the CHIPS Act and other Biden administration policies that encouraged carmakers to produce electric vehicles and Americans to buy them.

Staying the course

In December, StarPlus hit a milestone on its project by opening a production line at the first of two buildings planned at the sprawling complex. That building's three remaining production lines are set to open by the end of the year.

Stellantis declined to comment on the status of the Kokomo project, deferring to a 2023 news release that indicated the second gigafactory would become operational in 2027.

"I've been given every indication that they're continuing to bring additional lines on at the existing battery plant and are still planning on moving forward on the construction of the second," Moore said. "So … we're remaining optimistic that things will continue to move in a direction that will support the EV industry."

Up the road, in New Carlisle, it's a similar story. In fact, General Motors began pouring foundations for its $3.5 billion project with Samsung SDI early this month after spending the past several months prepping about 200 acres for development.

Bill Schalliol, executive director of economic development for St. Joseph County, said steel for the project has been ordered and the first deliveries are expected in April. The site expects to receive about 60 truckloads per day.

Like Kokomo's Moore, Schalliol said he's had no indication that policy changes by the Trump administration will grind the project to a halt.

"There is no sign that we see that they're slowing down or pulling the plug on the project or anything like that," Schalliol said. "And we don't sense any concern from their organization about moving forward with the project."

For its part, Samsung SDI said it has no updates on its Indiana projects, but its "partnerships with GM and Stellantis remain unchanged from what has been announced."

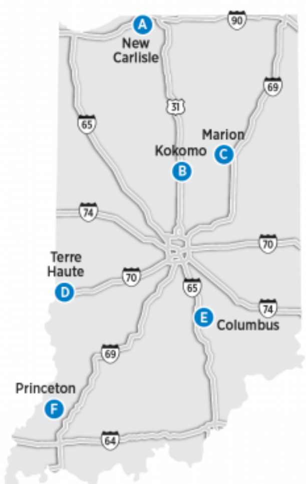
The company said it's also continuing to follow developments related to the Trump administration's electric vehicle policy.

"Samsung SDI is closely monitoring policy changes and evaluating their potential implications," Stella Song, a company spokesperson, said in an emailed response to questions from IBJ.

General Motors, which did not return calls requesting comment for this story, spent $491 million to upgrade its Marion metal stamping facility to support development of electric vehicles.

Big investments

More than $13 billion is being spent on six electric vehicle and battery projects across the state.



A General Motors Co./ Samsung SDI
Gigafactory making batteries for General Motors electric vehicles, producing up to 30 gigawatt hours annually
Investment: $3.5B
Jobs: 1,600
Status: on hold, expected to open in 2027
Federal support: to be determined
State incentives: $173.45M
- $135M, performance-based grants
- $32M, conditional tax credits
- $3.45M, skills-enhancement workforce training grants
- $3M, industrial development grants

B StarPlus Energy LLC (Stellantis NV/Samsung SDI)
Two gigafactories making batteries for Stellantis electric vehicles, producing up to 67 gigawatt hours combined annually
Investment: $6.3B
Jobs: 2,800
Status: First factory opened late last year (first of four planned production lines there is now in operation), construction on second factory has not begun.
Federal support: $7.54B loan from the U.S. Department of Energy
State incentives: $685M
- $310M, redevelopment tax credit loans
- $240M, performance-based grants
- $75M, conditional tax credits
- $54M, redevelopment tax credits
- $4M, skills-enhancement workforce training grants
- $2M, industrial development grants

C General Motors Co.
Updates to existing metal stamping and production facility to support development of electric vehicles
Investment: $491M
Jobs: 750 (retained)
Status: operational
Federal support: none
State incentives: $25.2M
- $12.5M, redevelopment tax credits
- $12M, conditional tax credits
- $500,000, training grants
- $200,000, Manufacturing Readiness Grants

D Entek International Ltd.
Facility to produce lithium-ion battery separators (microporous membrane between a battery's positive and negative site, preventing short-outs)
Investment: $1.5B
Jobs: 625
Status: under construction (projected to open this year)
Federal support: $1.2B loan from the U.S. Department of Energy
State incentives: $13.3M
- $8M, performance-based grants
- $5M, conditional tax credits
- $300,000, skills-enhancement workforce training grants

E Cummins Inc.
Conversion of 360,000 square feet of manufacturing space to increase Accelera line of zero-emissions components and electric powertrain systems
Investment: $150M
Jobs: 350 retained; 250 projected to be created
Status: operational
Federal support: $75M grant through Inflation Reduction Act
State incentives: none

F Toyota Manufacturing Indiana
New plant focused on battery-pack assembly line for new, all-electric SUV
Investment: $1.4B
Jobs: 340
Status: under construction
Federal support: none
State incentives: $6M
- $5M, performance-based tax credits
- $1M, conditional performance payments

Source: IBJ research

Resetting the table

Just hours after being inaugurated on Jan. 20, Trump rescinded all of former President Joe Biden's executive orders, including those tied to U.S. electric vehicle production and incentives for consumers.

The changes come even as a consortium of automotive manufacturers publicly asked Trump to maintain a mandate on the sale of electric and other alternatively fueled vehicles.

The Alliance for Automotive Innovation said in a November letter to the then president-elect that car makers hope to create "stability" within the auto industry by continuing to invest in electric vehicle research and development. Alliance members General Motors, Samsung and Stellantis, as well as other major companies such as Ford, Honda, Hyundai and Subaru—have put billions of dollars into electrification efforts.

But a White House spokesperson, speaking on background, told IBJ the Trump administration's withdrawal of executive orders tied to electrification was meant to reduce the "impossible, unnecessary, and illegal regulatory demands [that] have driven up the cost of transportation and manufacturing."

Biden's non-binding executive order had called for at least 50% of cars to run solely on electric or other alternative fuels by 2030.

But the White House spokesperson said that amounted to a "war on affordability" and led to artificial price increases to subsidize electric vehicles "largely disfavored by consumers."

Trump has also criticized tax breaks meant to encourage consumers to buy electric vehicles, but he can't end those with an executive order. For now, the $7,500 federal tax credit for those buying electric vehicles—an incentive that went into effect in 2008—remains.

Because Biden's executive order setting targets for alternative vehicle production was never enforceable, it is not clear what has actually changed—other than the federal government's attitude about electric vehicles.

Trump hasn't said publicly whether he will push Congress to end the tax credits for electric vehicle buyers. And he hasn't publicly taken steps to revoke or change any of the loans or other incentives the federal government has committed to EV and battery makers.


Paul Mitchell

Paul Mitchell, CEO of the nonprofit Indianapolis-based Energy Systems Network, said while the Trump administration's approach is sure to be vastly different from that of Biden—or even the first Trump term—he doesn't expect a wholesale abandonment of electric vehicles.

"I know it sounds kind of odd to say that these sweeping policy changes or strong statements aren't going to have any impact—they clearly will have some impact—but what it's not doing is, it's not shutting down the EV industry," he said. "It's not telling consumers they can't buy EVs. It's not saying companies can't deploy charging infrastructure. It's just putting it squarely within the private sector to invest and scale that industry, and we're seeing that happen."

Adaptation versus advocacy

For the most part, companies with electric-vehicle-related investments in Indiana—including Stellantis and GM—have been noncommittal about how or whether they'll shift gears if the Trump administration imposes new rules or policies.

Some industry observers told IBJ that by refraining from criticizing the administration, some manufacturers hope to develop positive relationships with incoming decision-makers and agency heads and earn goodwill for future development opportunities. Or they're seeking to simply stay out of the crossfire.

In an emailed statement, a Stellantis spokesperson said the company is "well positioned to adapt" to electric vehicle policies enacted by the Trump administration.

"President Trump's clear focus on policies that support a robust and competitive manufacturing base in the United States is hugely positive, and we look forward to working with him on the crucial objectives of strengthening our industry and the nation's economy," said Ann Marie Fortunate, a media relations and content manager for the company's manufacturing and labor operations.

Fortunate said the company is also studying the administration's order to suspend nonessential funding and whether that will affect the loan for StarPlus Energy's Kokomo project. She declined to comment further.

Others, like Columbus-based Cummins Inc., have publicly said their development commitments remain in place and have advocated for the preservation of tax credits and other incentives on which they and others in the industry heavily rely.

Cummins launched its New Power segment—known now as Accelera—in 2019, with a focus on using the division to develop technologies it could implement to run commercial vehicles on alternative fuels, including electricity and hydrogen.

Brian Wilson, general manager of e-mobility for Accelera, told IBJ in a statement issued through a spokesperson that the company supports manufacturing tax credits that were included in the 2022 Inflation Reduction Act as well as other incentives focused on encouraging U.S. companies to develop batteries and hydrogen-based solutions.

"These incentives play a key role in building a sustainable domestic battery supply chain and ensuring economic competitiveness, and we urge Congress to preserve them," he said.

The company in 2023 formed a joint venture with Portland, Oregon-based Daimler Trucks North America; Bellevue, Washington-based Paccar; and China-based EVE Energy to establish a battery cell manufacturing facility expected to cost $2 billion to $3 billion, although no additional details about that project have been made public.

And in 2024, Cummins said it would take on a $150 million project to convert about 360,000 square feet at its Columbus Engine Plant for work on electric power systems and related vehicle components. The project received $75 million from the U.S. Department of Energy and is expected to create 250 jobs.

"We will continue to monitor [electric vehicle] adoption and the needs of our customers and invest accordingly," Wilson said. "We are committed to our mission and our diverse portfolio of zero-emissions solutions, including both electrified and hydrogen technologies, to support our customers on their decarbonization journeys."

Ready to diversify

But not everyone is so positive. Matt Greller, president of Accelerate Indiana Municipalities, said he worries about the impact on some Indiana communities if the Trump administration works to remove incentives for electric vehicle production and use.

"It's of concern when our state and our local governments, in this case, have invested a lot to make these projects a reality," Greller said. "So we want to see them come to fruition."

Since 2020, the Indiana Economic Development Corp. has secured $13 billion in investments for electric-vehicle-related manufacturing projects, including a battery separator facility from Entek International Ltd. in Terre Haute and updates to Toyota Manufacturing Indiana in Princeton.

In total, the state has supported five of the six projects on that list to a tune of more than $900 million, not to mention the billions of dollars in federal aid and millions more in property tax abatements and other local-based incentives the projects have received.

Greller said "the jury is still out" on whether the IEDC will continue incentivizing alternative-fuel-related projects, particularly at the same massive scale as it did during Gov. Eric Holcomb's second term.

David Adams, whom new Gov. Mike Braun appointed to serve as commerce secretary, told IBJ the state is committed to working with all companies within its borders.

But Greller said he hopes cities that have scored big battery and electric vehicle projects of late will be prepared for the changes that could be around the corner.

"They should always look out and be on the ready to diversify and change at a moment's notice," he said. "It's kind of a tough situation when you think about the magnitude of the projects that are going on in the Kokomo area, in particular, and if we suddenly put a halt to a focus on EV battery-powered vehicles … well, I think everybody would agree we've got a lot invested in that [development] area, and we don't want to see that go to waste. But with infrastructure projects of that magnitude, [switching gears quickly is] certainly going to be difficult."

Other opportunities


Victor Smith

Former Indiana Secretary of Commerce Victor Smith, who also served as an economic development adviser to Braun during his transition to office, said he expects electric vehicles will continue to be part of the U.S. automotive industry, but he declined to speculate to what extent.

He also said that even if electric vehicles were to fall by the wayside and fully lose their cachet with the federal government, battery factories could likely be repurposed for other industries.

"There's a clear proliferation of battery technology across all sectors—snowblowers, motorcycles, go-karts, Indy 500 cars, airplanes and all kinds of things—so the technology is exciting," he said.

"I just don't know whether or not the federally mandated [electric vehicle] industry use might be ahead of the curve of consumer adoption. On the automotive side, that might be the only curveball," Smith said. "But I think it's always good to have the research and development and manufacturing capability on leading-edge technologies, because they will, by definition, touch other markets."

Mitchell, the battery expert, agreed. He predicted that companies like Stellantis, Samsung SDI, General Motors and Entek could produce batteries for other industries if demand for electric vehicles declined. Plenty of platforms are in need of power, he said, such as data centers—another sector Indiana has seen grow in recent years—as well as grid storage and standard household appliances.

“We are entering a period where the country needs lots more energy, so there’s a lot of demand for energy and battery cells, and lithium battery cells are a big part of that future,” Mitchell said.

Song, the Samsung SDI spokesperson, said the company hopes its Indiana facilities “flourish,” and Samsung SDI has no plans to take on clients that fall outside the scope needed by Stellantis and General Motors for their electric vehicles. Song said such matters would require consultation with each of the joint venture partners.

Mitchell said that even if the mandates for electric vehicles go away, the Trump administration seems focused on increasing domestic manufacturing, and battery production fits squarely within that arena.

“I’m not too worried about what happens long term with those battery production facilities,” he said. “It could slow—a little bit—the construction on the second Stellantis plant, as the market sorts out who the customer base would be for those battery cells. But I don’t expect it to be very long before they find takers for that cell volume.”•