

Inflation Reduction Act of 2022

August 10, 2022



**American Sustainable
Business Network**



AGENDA

12PM

Process

What is in it?

Energy Sector

Transportation

Environmental Justice

Technology Grants

Next Steps

House Process and timeline

12:45PM

Questions



What happened leading up to the announcement?

July 15, 2022 Manchin announces no climate package as a part of reconciliation bill

A continuation of what has been a very dark and abysmal summer for the climate movement. Many groups start to look at State and Executive Authority for the last possible avenues forward.

July 27, 2022 Senate Passes CHIPS Act 64-34

Looking to build more bipartisan support for comprehensive bill. Senate gets CHIPS act done with many Republicans joining the ranks. A brief moment of bipartisan action.

July 27, 2022 Senate Announces a Party Deal on Reconciliation

Shortly after the CHIPS press conference, Manchin and Schumer announce new agreed upon Reconciliation package



What is in the bill?

High Level:

- Inflation Reduction Act (IRA) would reduce budget deficits by over \$300 billion in its first nine years, but much of the savings would take time to materialize. We estimate the IRA would reduce deficits by \$1.9 trillion over two decades, including interest savings. Assuming a permanent extension of the expanded Affordable Care Act (ACA) subsidies, the bill would reduce deficits by \$1.1 trillion with interest.
- Reduce carbon emissions by roughly 40 percent by 2030. Equivalent to a net gigaton of emission reductions
- The new proposal for the FY2022 Budget Reconciliation bill will invest approximately \$300 billion in Deficit Reduction and \$369 billion in Energy Security and Climate Change programs over the next ten years
- Allow Medicare to negotiate for prescription drug prices and extend the expanded Affordable Care Act program for three years, through 2025



Environmental Justice

Climate Pollution Plans and Implementation Grants

This package includes over \$60 billion in environmental justice priorities to drive investments into disadvantaged communities. In addition, many of the clean energy tax credits include either a bonus or set-aside structure to drive investments and economic development in disadvantaged communities. Including:

- National Green Bank \$30 billion in competitive 3-year grants to states, tribes and municipalities and a community-based nonprofit organization for financial and technical assistance to address clean air and climate pollution in disadvantaged communities.
- \$1 billion grant program to make affordable housing more energy efficient.
- \$5 billion in competitive grants to states, territories, DC, tribes, and municipalities to develop and implement greenhouse gas emissions reductions plans that make sense for their communities. Similar to the approach Congress took for the transportation sector in the Bipartisan Infrastructure Law and is a technology-neutral approach.
- \$27 billion clean energy technology accelerator to support deployment of technologies to reduce emissions, especially in disadvantaged communities.



Energy

According to the EPA, Electricity makes up 25% of Overall US Emissions

- \$60 billion to on-shore clean energy manufacturing in the U.S. across the full supply chain of clean energy and transportation technologies.
- 10 years of production tax credits and investment tax credits to accelerate U.S. manufacturing of solar panels, wind turbines, batteries, regardless of zero carbon energy source.
 - Added incentives for prevailing wages, US Manufacturing, and energy communities
- 10 years of consumer tax credits to make homes energy efficient and run on clean energy, making heat pumps, rooftop solar, electric HVAC and water heaters more affordable.
- Tax credits for clean sources of electricity and energy storage and roughly \$30 billion in targeted grant and loan programs for states and electric utilities to accelerate the transition to clean electricity.
- By 2030, 129GW of Solar 31GW Wind per year. For comparison, we installed 30 GW new capacity
- \$2 billion for National Labs to accelerate breakthrough energy research.
- Stand alone ITC for energy storage to support battery market and microgrid growth



Transportation

According to the EPA, transportation makes up 27% of Overall US Emissions

- Remove cap on manufacturer tax credit \$7500
- 30% ITC for fleet vehicles for businesses (regardless of sourcing)
 - Consumer vehicles will need to meet US sourcing standards*.
 - 2027 and 2030 driving investment into US supply chain development
- Tax credits and grants for clean fuels and clean commercial vehicles to reduce emissions from all parts of the transportation sector.
- The Neighborhood Access and Equity Grants, funded at \$3 billion, support neighborhood equity, safety, and affordable transportation access with 4 competitive grants to reconnect communities divided by existing infrastructure barriers, mitigate negative impacts of transportation facilities or construction projects on disadvantaged or underserved communities, and support equitable transportation planning and community engagement activities.
- \$1 billion for clean heavy-duty vehicles, like school and transit buses and garbage trucks.



Manufacturing

Greening our supply chain and creating capacity to meet the moment

- Grants and tax credits to reduce emissions from industrial manufacturing processes, including almost \$6 billion for a new Advanced Industrial Facilities Deployment Program to reduce emissions from the largest industrial emitters like chemical, steel and cement plants.
- \$10 billion investment tax credit to build clean technology manufacturing facilities, like facilities that make electric vehicles, wind turbines and solar panels. Also, \$2 billion in grants to retool existing auto manufacturing facilities to manufacture clean vehicles, ensuring that auto manufacturing jobs stay in the communities that depend on them.
- Over \$9 billion for Federal procurement of American-made clean technologies to create a stable market for clean products
- Grants to Reduce Air Pollution at Ports, funded at \$3 billion, support the purchase and installation of zero-emission equipment and technology at ports.
- Methane emissions from industry: Methane Emissions Reduction Program to reduce the leaks from the production and distribution of natural gas



Standardized Reporting and Increased Transparency

Buy Clean!

Environmental Product Information Program

This program provides \$250 million to support the development and enhanced standardization and transparency of environmental product declaration for construction materials and products. As we look to rebuild our nation's infrastructure, we should be using products that can withstand a changing climate and are produced in the cleanest way possible. Lucky for us, American-made construction materials are often made with the cleanest processes in the world. This program will help our nation's companies show the world that indeed, the U.S. makes the cleanest materials anywhere.



Greening the Grey

Supporting Nature to provide resiliency and support carbon sequestration

- More than \$20 billion to support climate-smart agriculture practices. \$5 billion in grants to support healthy, fire resilient forests, forest conservation and urban tree planting.
- Over \$20 billion to give farmers and ranchers the tools they need to address the climate crisis. With existing conservation programs oversubscribed by as much as 3 to 1, these funds help farmers and ranchers implement and expand conservation practices that reduce potent greenhouse gases like methane and increase storage of carbon in their soil and trees
- Incentivizes sustainable practices — like optimizing fertilizer use and expanding cover crops — that are a win-win for conservation and for producers' bottom line.
- Expands public-private partnerships to support locally-led conservation and doubling the investment on farm and ranch land.

What about the deficit and economic impact

**Cost (-)/Savings
(2022-2031)**

Energy and Climate

-\$386 billion

Clean Electricity Tax Credits	-\$161 billion
Air Pollution, Hazardous Materials, Transportation and Infrastructure	-\$40 billion
Individual Clean Energy Incentives	-\$37 billion
Clean Manufacturing Tax Credits	-\$37 billion
Clean Fuel and Vehicle Tax Credits	-\$36 billion
Conservation, Rural Development, Forestry	-\$35 billion
Building Efficiency, Electrification, Transmission, Industrial, DOE Grants and Loans	-\$27 billion
Other Energy and Climate Spending	-\$14 billion

Revenue

\$468 billion

15 Percent Corporate Minimum Tax	\$313 billion
IRS Tax Enforcement Funding*	\$124 billion
Closure of Carried Interest Loophole	\$13 billion
Methane Fee, Superfund Fee, Other Revenue	\$18 billion

Source



Other legislation that was part of the deal

Looking into the future

- Permitting streamlined bill- Not a guarantee
 - The bill would also attempt to expedite court processes, limit the court's ability to provide adequate remedies for unlawful agency action, and undercut agencies ability to fully comply with court orders to correct unlawful action.
- Reinstating offshore oil and gas leases on 1.7 million acres in the Gulf of Mexico
- Last minute parliamentarian cut of Air quality monitoring technology



On to the House

Things to keep an eye out for:

SALT Caucus: Early signs indicate that they are willing to support the cut down bill.

“We all know how high the cost of living is in Northern New Jersey. I ran for Congress to tackle those costs on behalf of the people of the 11th Congressional District. That’s exactly why I’m voting for the Inflation Reduction Act of 2022.” -Representative Mikie Sherrill (NJ-11)

Progressive Caucus:

“Come on Bernie...”

“Although it is far from everything we wanted, the Inflation Reduction Act is a direct result of progressives leading the way to advance a robust reconciliation package” Representative Jamaal Bowman (NY-16)

Vote to come on Friday

Next Steps

- Engage with our business community to continue to build the business case
- Advocacy with members of House
- Join ASBN's social media efforts





Q&A

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Sources and Support Material

- [Congressional Research Service Overview on Wind Policy in IRA](#)
- [Rep. Sherrill Statement on IRA](#)
- [Senate Democrats Bill Overview](#)
- [Clean Air Task Force Senate IRA Bill Overview](#)
- [Congressional Budget Overview of IRA Impacts](#)
- [Committee for a Responsible Federal budget Overview](#)
- [Penn Wharton Budget Impact Analysis](#)

