



Factsheet: Climate Investments in the Inflation Reduction Act

We are in a climate crisis. At least 100 million Americans faced excessive heat this summer, with temperatures breaking records from coast to coast. Persistent drought has led to water cuts in the Southwest and water restrictions in the Northeast, as our lakes and rivers reach record-low levels. And climate-fueled storms, flooding, and wildfires continue to leave costly damages – to the tune of over \$152 billion last year alone.

At the same time, Americans are tired of price gouging at the gas pump and rising energy bills, especially as Big Oil CEOs announce record profits for their shareholders. The best way to make sure Americans never have to worry about gas prices again is to invest in cleaner, cheaper, more diverse energy sources. Reducing our dependence on volatile fossil fuels will not just help us address climate impacts; it will also lower energy costs, increase our energy security, and weaken despots like Putin who weaponize their resources.

That's why Congress is making bold climate investments through the Inflation Reduction Act, which will:

- Save families hundreds of dollars through clean energy, energy efficiency, and clean vehicles;
- Create 9 million good jobs over the next decade;
- Make critical investments towards capturing the full potential of natural climate solutions; and
- Strengthen America against worsening drought, extreme heat, and other climate risks.

The Inflation Reduction Act makes generational investments to expand cleaner, cheaper energy and cost-saving clean technologies, including \$270 billion in tax incentives that will help us reduce pollution, boost resilience across America, ensure environmental justice for vulnerable communities, address the national security threats posed by extreme weather, and meet our climate goals. Below are climate investments passed by Congress in H.R. 5376, the Inflation Reduction Act.

Clean Electricity

These investments will help deploy cheaper, clean energy faster and save American families and businesses money on their energy bills:

- **Extended and expanded clean energy tax credits** for renewable sources like solar, onshore and offshore wind, geothermal, and hydropower;
- **New Investment Tax Credit (ITC)** for energy storage and microgrid technology and expanded ITC eligibility for interconnection costs for distributed solar projects;
- **New direct pay** option for non-profit organizations, state or local governments, Tribal governments, Alaska Native Corporations, and the Tennessee Valley Authority for most clean energy credits and the commercial EV credit; some clean energy tax credits are also **transferrable**;
- **Bonuses for high road labor standards** in key clean energy and clean vehicle tax provisions, which will help incentivize prevailing wages, apprenticeships, and using domestic content;
- **New incentive to keep existing nuclear energy power plants online** so they will continue to produce electricity without climate pollution;
- **\$27 billion for the Greenhouse Gas Reduction Fund** for nonprofit, state, and local climate finance institutions that will finance the rapid deployment of zero-emission technologies, with more than half of these investments going to low-income and disadvantaged communities;

- **\$9.7 billion for rural electric cooperatives** to purchase and deploy clean energy;
- **\$1 billion for loans under the Rural Electrification Act**, including for energy storage projects;
- **\$2 billion to build electric transmission projects** that are in the national interest; **\$760 million to help facilitate siting** of electric transmission; **\$100 million to support interregional and offshore wind electricity transmission** planning, modeling, and analysis; all of which will help connect more abundant and affordable renewable energy; and
- **\$87 million for the Low Emission Electricity Program** to educate consumers on reducing climate pollution from electricity generation and use, with set-asides for disadvantaged communities.

Clean Vehicles and Clean Fuels

These investments will help deploy cheaper, cleaner vehicles and save American families and businesses on their fuel costs as well as enhance transportation resilience, equity, and sustainability:

- **Extended electric vehicle (EV) tax credits** of up to \$7,500 for new electric vehicles and new tax credits for used EVs of up to \$4,000. Credits are transferrable to the dealership to make them more accessible for low-income families;
- **New tax credits for commercial EVs** such as delivery vans, busses, and trucks, including a direct pay option for nonprofits and state, local, and tribal governments;
- **Extended tax credits for EV charging, including for bidirectional chargers;**
- **New clean hydrogen production and investment tax credits;**
- **New tax credit for sustainable aviation fuel and extended biofuels tax credits;**
- **\$3 billion for U.S. Postal Service** for electrification of its fleet of delivery vehicles;
- **\$1 billion for zero-emission heavy-duty vehicles** and infrastructure like electric school and transit buses and garbage trucks, with a set-aside for areas with poor air quality;
- **\$500 million for biofuels infrastructure grants;**
- **Nearly \$300 million for grants to support sustainable aviation fuel** development and low-emission aviation technologies; and
- **\$15 million for advanced biofuel testing and investments**, including analysis of impacts of fuel on the environment and public health.

Energy Efficiency and Electrification Upgrades

These investments will lower costs for families and businesses by supporting energy efficiency upgrades and clean electrification across homes, businesses, and Federal buildings, including:

- **Nearly \$9 billion in rebates for home energy efficiency and appliance electrification** that will help reduce carbon pollution from buildings, which make up a significant amount of total U.S. carbon pollution – up to \$1,750 for heat pump water heaters, up to \$8,000 for heat pumps for space heating and cooling, and additional rebates for electrical panel upgrades;
- **Extended and expanded tax credits** for residential rooftop solar, electric heat pumps, and electric heat pump water heaters, residential battery storage, electric panel upgrades, and other energy efficiency home upgrades; and an **extended and expanded incentives for building energy efficient homes and for commercial energy efficiency** upgrades;
- **\$1 billion for improving affordable housing** energy efficiency, water efficiency, and climate resilience;

- **\$2 billion for the Rural Energy for America Program**, which provides loans and grants to agricultural producers and rural small businesses for renewable energy systems or to make energy efficiency improvements;
- **\$1 billion for Department of Energy (DOE) to provide technical assistance** to states to support adoption and implementation of the latest building energy conservation and zero energy codes;
- **\$975 million for the use of emerging and sustainable technologies** in Federal buildings;
- **\$145.5 million for the Tribal Electrification Program** to help electrify homes; and
- **\$250 million to convert Federal facilities** to high-performance green buildings.

U.S. Manufacturing of Climate Solutions

These provisions provide investments for the continued development of strong domestic supply chains for the clean energy technologies we need to tackle the climate crisis, including:

- **More than \$300 billion in new loan authority across multiple programs at DOE**, including the Advanced Technology Vehicle Manufacturing, Domestic Manufacturing Conversion, and Energy Infrastructure Reinvestment Financing programs. These loans and loan guarantees will accelerate development and deployment of innovative technologies and will boost American manufacturing of clean car and clean truck technologies;
- **A new advanced manufacturing production tax credit** to support domestic manufacturing of solar panel and wind turbine components, batteries, and critical minerals, with a direct pay option for all taxpayers for the advanced manufacturing production credit;
- **\$10 billion for a revived 48C clean manufacturing investment tax credit**, with a set-aside of \$4 billion for energy communities, such as brownfields sites, areas with significant fossil-fuel related employment, and areas where a coal mine or coal plant recently closed; and
- **\$500 million for DOE to use the Defense Production Act** to increase manufacturing of heat pumps and critical minerals processing.

Industrial Decarbonization

These provisions provide resources to reduce carbon pollution from our industrial sector, including:

- **\$5.8 billion for advanced industrial technology** at energy-intensive industrial and manufacturing facilities, like steel and cement production, to cut pollution while protecting U.S. jobs and competitiveness;
- **\$2.15 billion for low-carbon materials** in Federal buildings construction or renovations;
- **\$2 billion to incentivize use of low-carbon materials** in Federal highway projects;
- **New tax credit for clean hydrogen** to decarbonize industrial processes as well as heavy-duty transportation, and a direct pay option for all taxpayers for the clean hydrogen credit;
- **Extended and expanded tax credit for carbon capture**, which makes it easier for hard-to-decarbonize industries like steel and cement to use; an increased credit for direct air capture of carbon pollution to support carbon removal; and a direct pay option for all taxpayers for the carbon capture credit; and
- **\$250 million for environmental product declarations** for construction materials and **\$100 million for low-embodied carbon labeling** for construction materials in transportation projects and Federal buildings projects to support green procurement initiatives.

Methane and other Super-pollutants

These provisions tackle emissions of potent heat-trapping super-pollutants such as methane and hydroflourocarbons (HFCs), including:

- **A new Methane Emissions Reduction Program** to immediately reduce methane pollution from oil and natural gas infrastructure by holding companies accountable for wasted methane pollution and providing incentives to find and fix leaks and stop venting and flaring;
- **Royalties for wasted methane** released during natural gas production; and
- **Over \$38 million for the implementation of the American Innovation and Manufacturing Act**, which reduces emissions of HFCs, a set of extremely powerful heat-trapping super-pollutants.

Environmental Justice and Public Health

These investments advance environmental justice by prioritizing the needs of historically overburdened communities. Key investments include:

- **\$3 billion for Environmental and Climate Justice Block Grants** for community-led projects;
- **\$3 billion for the Neighborhood Access and Equity Grant Program** to reconnect communities and reduce negative health impacts from transportation facilities;
- **\$5 billion for climate pollution reduction grants** for air pollution planning and implementation;
- **\$3 billion to reduce air pollution at ports** using zero-emission equipment and technology;
- **Over \$230 million for air quality monitoring** and advancing state climate pollution standards for mobile sources;
- **Nearly \$255 million for climate pollution reduction planning and implementation grants** that will identify how they will benefit low-income and disadvantaged communities;
- **\$60 million to reduce diesel emissions** from goods movement in low-income communities;
- **\$50 million to reduce air pollution at schools** in disadvantaged communities;
- **Bonus tax incentives for solar and wind energy** projects in low-income and tribal communities, on affordable housing, and for community solar serving low- and moderate-income individuals;
- **Reinstatement of the Superfund tax on oil and petroleum producers**, which provides a permanent dedicated revenue stream (an estimated \$11 billion over the next ten years) to clean up contaminated sites;
- **\$32.5 million to support data collection** tracking disproportionate environmental burdens and climate impacts on frontline communities and making mapping and screening tools accessible; and
- **\$25 million to increase enforcement of air pollution requirements**;
- **\$25 million for the Office of Management and Budget** to support implementation and track the environmental, equity, and labor standards and performance of the Act; and
- **\$25 million for the Government Accountability Office** to track the equitable distribution of the environmental, economic, and social impacts of the Act.

Workforce Development and Energy Communities

These provisions will create millions of good-paying jobs, develop the workforce to build and deploy clean energy technologies in America, and promote economic development in energy communities, including:

- **Bonus tax incentives for clean energy and clean vehicles** if project developers meet prevailing wage and apprenticeship requirements as well as domestic content requirements;
- **Tax incentives to help attract clean energy and manufacturing** investments to energy communities that need it the most, including brownfields sites and communities with significant levels of fossil fuel-related employment, or where a coal mine or coal plant closed recently;
- **\$200 million for states to develop training and education programs for contractors** to install energy efficiency and electrification improvements;
- **Workforce development and training on zero-emission heavy-duty vehicle maintenance** funded through the Environmental Protection Agency (EPA); and
- **Permanent funding for the Black Lung Disability Trust Fund.**

Agriculture

These provisions make critical investments to help agricultural producers and communities tackle the climate crisis. Key investments include:

- **Over \$19 billion for conservation programs at the U.S. Department of Agriculture (USDA)** to support farmers in implementing climate-smart practices that capture or sequester greenhouse gas emissions, including **\$1 billion in conservation technical assistance**; and
- **More than \$2.8 billion to support underserved farmers, ranchers, and forest owners** through technical assistance, grants and loans to improve land access, expanded research, education and extension services for land-grant institutions and minority-serving institutions, and financial assistance to farmers, ranchers, or forest owners determined to have experienced discrimination in USDA lending programs.

Conservation

These provisions provide resources to tackle the climate crisis and protect our natural resources. Key investments include:

- **\$2.6 billion for coastal community and climate resilience** grants to expand conservation, restoration, and protection of coastal and marine habitats and resources to increase the ability of coastal communities to respond to extreme storms and other changing climate conditions;
- **\$1.2 billion for conservation and restoration projects on public lands** administered by the National Park Service and Bureau of Land Management to ensure resiliency of lands and resources, including hiring additional staff at the National Park Service and providing additional funding to address the maintenance backlog;
- **More than \$121 million for restoration of Wildlife Refuges** to address invasive species, increase resilience in habitats and infrastructure, and reduce damage from climate-induced weather events on National Wildlife Refuge and State wildlife management lands;
- **\$125 million for endangered species recovery** to support development and implementation of recovery plans by the U.S. Fish and Wildlife Service; and
- **\$1 billion in funding for environmental reviews** at Federal agencies, including Department of the Interior (DOI), DOE, USDA, Department of Transportation, EPA, National Oceanic and Atmospheric Administration (NOAA), Federal Energy Regulatory Commission (FERC), the Council for Environmental Quality (CEQ), and the Federal Permitting Improvement Steering Council (FPISC). This funding will help accelerate the review and permitting of climate and clean energy projects.

Forestry

These critical investments will help restore resilient and healthy forests:

- **\$2 billion for National Forest System restoration projects**, including funding for hazardous fuel reduction, vegetation management, and completing an inventory of mature and old-growth forests for protection;
- **\$1.5 billion for Urban and Community Forestry** to fund States, local governments, Tribes, and nonprofit organizations to promote tree planting and help address heat vulnerability in urban communities;
- **\$700 million for the Forest Legacy Program** to allow States to acquire private forest lands for conservation;
- **\$450 million for non-Federal Forest Landowners** to support climate mitigation and forest resilience practices, with specific funding for underserved and small forest landowners; and
- **\$100 million for wood innovation program grants** to expand the use of wood and other materials removed from forests to reduce hazardous fuels.

Resilience to Drought and Other Climate Impacts

These investments will increase resilience to drought and other climate impacts:

- **\$4 billion for drought mitigation projects** at the Bureau of Reclamation to mitigate the impacts of drought on communities, including funding compensation for voluntary reductions in water use; conservation projects that reduce water demand; and ecosystem restoration projects that address drought issues;
- **\$550 million for domestic water supply projects** to provide water supplies to disadvantaged communities without reliable access to water;
- **\$500 million for sustainability and environmental programs** under the Department of Homeland Security Office of Chief Readiness Support;
- **\$243 million for Tribal and Native Hawaiian** climate resilience and adaptation programs and **\$15 million for climate change planning in U.S. territories**, to provide technical assistance to Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, and the Marianas Islands;
- **\$12.5 million for emergency drought relief for Tribes** for near-term relief actions for Tribes impacted by Bureau of Reclamation water projects; and
- **Incentivize low-carbon and net-zero energy projects** in post-disaster recovery through providing financial assistance.

Energy Production on Public Lands and Waters

The bill includes provisions to advance renewable energy development and ensures that oil and gas companies pay their fair share for extraction activities on public lands and waters. Key provisions include:

- **Provides for offshore wind leasing** in the waters off the mid- and south Atlantic, Florida's Gulf Coast, and the waters of the U.S. Territories;
- **Increases royalty rates** for onshore and offshore oil and gas leases;
- **Increases the minimum bid** for onshore leases;
- **Increases the minimum rental rate** for onshore leases;
- **Establishes a fee for submitting an expression of interest** for onshore leases; and
- **Eliminates noncompetitive onshore leases.**

Science

These investments will bolster advancements in climate and weather research and clean technology innovation:

- **\$2 billion for National Lab infrastructure** to accelerate breakthrough energy research at the DOE Offices of Science, Fossil Energy and Carbon Management, Nuclear Energy, and Energy Efficiency and Renewable Energy;
- **\$200 million for oceanic and atmospheric research**, including \$50 million in grants, to fund NOAA climate research in weather, ocean, coasts, and the atmosphere;
- **\$290 million for advancing weather information capacity** at NOAA through investments in high performance computing and acquiring new hurricane hunter aircraft to improve severe weather forecasting ability; and
- **\$23.5 million to improve 3D elevation data** to support mapping tools, including basemaps for flood and other climate-related data.