



Inflation Reduction Act *User Guide Overview*

April 28, 2023

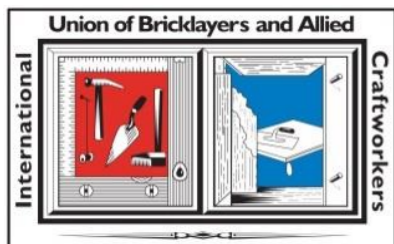


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The Inflation Reduction Act Will

- Tackle climate change by reducing emissions up to 42% by 2030;
- Accelerate clean energy and clean vehicle deployment while creating and preserving good union jobs;
- Grow a domestic supply chain and expand clean energy and electric vehicle (EV) manufacturing;
- Transform the industrial sector to reduce emissions and build domestic supply chains;
- Invest in transmission, energy efficient homes and buildings, affordable housing, and resilient and healthy communities; and
- Sustain and expand high-quality jobs to workers and in communities that need them the most, including low-income workers and workers living in communities that have been hit hard by energy transition or job outsourcing.

The Inflation Reduction Act demonstrates that we can have both good jobs and a clean environment.



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The Jobs Potential is HUGE!

9 Million U.S. Jobs from Investments in the Inflation Reduction Act

Policy Area	Job Creation Potential over 10 Years
Clean Energy Investments	5,000,000
Clean Manufacturing Supply Chains	900,000
EVs and Clean Transportation	400,000
Energy Efficiency Improvements for Homes and Offices	900,000
Environmental Justice and Climate Resilience	150,000
Natural Infrastructure	600,000

9 Million Jobs

Political Economy Research Institute (PERI) at the University of Massachusetts Amherst



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Implementation Overview

How the Money Moves

Tax Credits and Deductions

- Project developers, manufacturers, and consumers are able to offset some of the cost of projects and purchases through refundable and nonrefundable tax credits.

Direct pay—which the Inflation Reduction Act applies to some tax credits—goes a step further, allowing developers to treat the tax credits as payments of their tax liability. Direct pay acts as a financing option for entities to receive their credit upfront, allowing them to not rely on Wall Street banks to finance projects.

Grants

- At its most basic, a grant provides government funding that is not expected to be paid back. However, within this broad category, there are several subtypes of grants that are used to distribute funding in the Inflation Reduction Act- competitive grants are the most common.

Loans

- Broadly, loans are pools of government funding that are expected to be paid back, unlike grants. There are a number of loan programs included in the Inflation Reduction Act.



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Implementation Overview

Process & Goals

- Ensure implementation of the Inflation Reduction Act (IRA) reflects BGA priorities at the state and federal level, specifically:
 - Get investments out at scale;
 - Maximize benefits for workers and communities through:
 - Job quality
 - Equity
 - Climate and public health benefits
- What does this mean for you (i.e. how to engage, what to look for?)
 - Advocacy, Education & “Winning the Win”
 - Federal guidance, competitive applications, high-road projects
 - Inflation Reduction Act User Guide & other resources

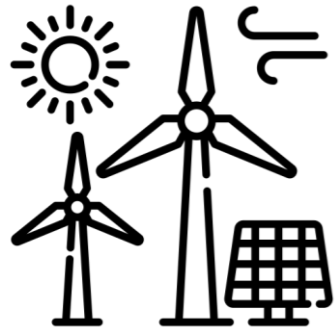


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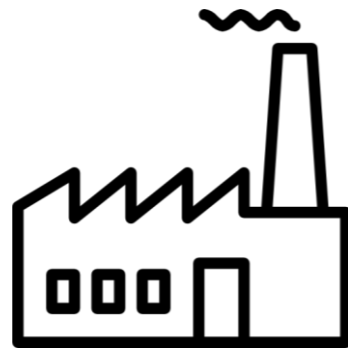


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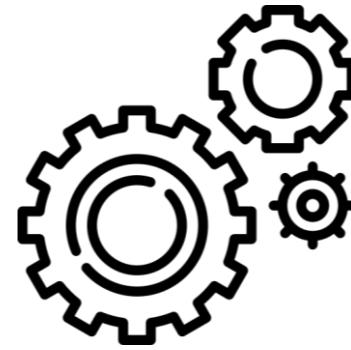
Policy Areas Included



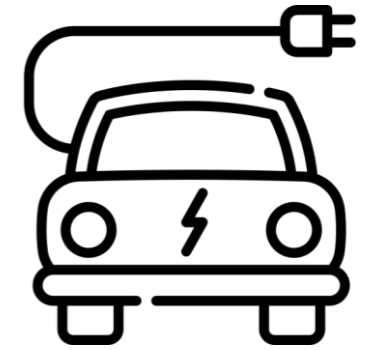
Clean Energy



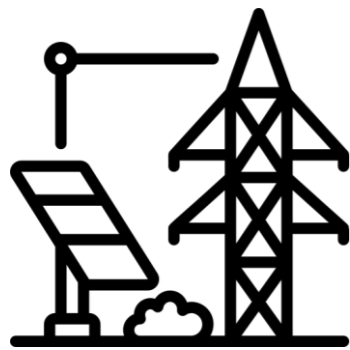
Clean Technology
Manufacturing



Industrial Transformation



EV Deployment,
Manufacturing, and Supply
Chain



Transmission



Buildings



Energy Transition for
Workers and Communities



Resilient and Healthy
Communities

Clean Manufacturing

The law invests more than \$50 billion to expand clean technology manufacturing and cut industrial emissions. These unprecedented investments will be a game-changer in boosting U.S. clean manufacturing.

These investments are essential to:

- Link climate action with good manufacturing jobs
- Counter the racial and income inequality fed by manufacturing job losses
- Take on a leading source of climate pollution and toxic pollution that fuels environmental injustice
- Build secure U.S. clean energy supply chains
- Counter child labor, forced labor, and other abuses in overseas production of solar, EV batteries, etc.
- Reduce dependency on highly-polluting production overseas of steel, aluminum, etc.
- Cut clean energy prices over the long term by spurring global competition in manufacturing



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Clean Technology Manufacturing

Supply Side

- **New manufacturing production tax credit:** For manufacture of solar, wind, batteries, & critical materials. Worth >\$30 billion. Available “direct pay.”
- **Expanded 48C tax credit:** \$10 billion for investments in clean tech manufacturing or equipment to cut emissions 20%. \$4B for coal communities.
- **Grants/loans to cut industrial emissions:** New \$6 billion program at DOE to reduce emissions at aluminum, steel, cement, & other facilities.
- **Defense Production Act:** \$0.5B for loans, tech upgrades, & gov’t purchases.



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Clean Technology Manufacturing

Demand Side

- **Purchases of low-emissions materials:** To support Buy Clean, \$0.25 billion in grants for environmental product declarations & ~\$5 billion for DOT and GSA to purchase low-carbon materials for public buildings & highways.
- **Domestic content bonuses for clean energy tax credits:** Bonus 10% domestic content credit for four clean electricity tax credits worth \$127 billion; developers must use 100% U.S. iron/steel & ~50% domestic content for manufactured goods; required for non-profit & gov't entities to get direct pay.



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EV Deployment, Auto Manufacturing, & Supply Chain

Preparing facilities for EV and other clean transportation manufacturing would create **nearly 80,000 construction jobs** over the next decade to retrofit those facilities. They would also create or sustain hundreds of thousands of long-term jobs at plants established, expanded, or retooled with federal support throughout the economy.

- **Demand side provisions** in the Inflation Reduction Act make clean vehicles – and particularly those made with North American batteries and components – more accessible and affordable for individuals and fleets.
- **Supply side investments** provide manufacturers with the resources they need to restore U.S. leadership in the global automotive market.
- An emphasis on **medium and heavy duty vehicle decarbonization** ensures that the transition to electric vehicles benefits communities most impacted by local air pollution from the transportation sector first.
- **Mobility and public transit** investments improve connectivity in neighborhoods and communities.



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EV Deployment, Auto Manufacturing, & Supply Chain

Inflation Reduction Act

- **Tax credits for EVs** lower the upfront cost of clean vehicles for new and used car buyers, as well as for commercial entities. **EV charging tax credits** harness the private sector to increase the availability of publicly available charging infrastructure.
- **Grants and loans to EV and component manufacturers** help OEMs and suppliers build new facilities and retool existing ones to support U.S. leadership in the modern global auto market.
- **Grants for heavy duty vehicle, port, and USPS fleet electrification** support improvements in local air quality, particularly in communities most impacted by transportation emissions.
- **Investments in neighborhood and community connectivity** improve mobility and redress poor transportation planning decisions through investments in public transit, active transportation infrastructure, traffic calming strategies, and more.



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Buildings

The bill's investments to make homes and office more energy-efficient, healthier, and more climate-resilient will create more than **900,000 jobs over the next decade.**

The building sector was responsible for approximately 33% of U.S. greenhouse gas emissions in 2019.

The investments in the Inflation Reduction Act for buildings will translate into **lower energy bills** for households, **health benefits** for building occupants, **quality jobs** in the community, and **reduced emissions** that significantly move us towards our national climate action goals.



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Buildings

Inflation Reduction Act



Tax Credits (IRS): Energy Efficiency (179D, 25C, 45L)

- Extended 10 years (predictability!)
- Increased eligibility (179D: Tax-exempt institutions ie schools, non-profits)
- Increased value
- Labor Standards
 - 179D: Incentives to pay prevailing wage and utilize registered apprenticeships
 - 45L: Prevailing wage for new EE multifamily housing above 4 units



Residential Rebates (DOE)

- Electrification rebates - \$4.5B appliances, heat pumps, insulation (tribal, LMIC)
- Whole home retrofits - \$4.3B for Insulation, HVAC, etc.
- EE Contractor Training - \$200M
- Programs managed by State Energy Offices using State Energy Program formula allocations



Schools (EPA): \$50M Air Pollution in Schools grants (Low-income & disadvantaged communities)



Building codes (DOE): \$1B in grants to states & localities towards building code adoption (including Workforce Development) and zero energy building codes



Affordable Housing (HUD): \$1B for green and resilient retrofits; grants direct to properties

Federal (GSA): \$1B for High Performance Green Buildings program



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BGA Resources

Inflation Reduction Act and Bipartisan Infrastructure Law

- [BGA Resource Center](#)
 - BGA's public-facing one-stop shop for BIL and IRA resources
 - User Guides to both laws
 - Fact sheets on individual policy areas in the laws
 - Other BGA resources



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The BGA Inflation Reduction Act User Guide Provides:

- Background about the legislation
- What can be done to ensure job quality and equity
- Break down the implementation mechanisms
- Timelines for spending
- Easy reference grids of key provisions
- What is missing

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