

National Caucus of Environmental Legislators

Inflation Reduction Act Briefing Book





Overview

The [Inflation Reduction Act \(IRA\)](#) of 2022 invests a landmark [\\$369 billion](#) in climate and energy investments along with tax and healthcare reforms. While the IRA creates myriad tax credits for the American people to access directly, a large portion of the funding will be applied by states, who will have a vital role in the success of the programs. If properly implemented, the IRA funds have the potential to reduce emissions [up to 44% below 2005 levels by 2030](#). This briefing book is meant to provide insight for state legislators into the various programs and funding opportunities within the IRA in order to most effectively further their climate and conservation goals.

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Agriculture

Sec. 21001 Additional Agricultural Conservation Investments

- **Description:**
 - » Allocates \$8.45 billion for the [Environmental Quality Incentives Program](#) to improve soil carbon, reduce nitrogen losses, or to reduce, capture, avoid, sequester carbon dioxide, methane, or nitrous oxide emissions.
 - » Allocates \$4.95 billion for the [Regional Conservation Partnership Program](#) that assists agricultural producers and nonindustrial forestland owners in improving soil carbon, reducing nitrogen losses, or to reduce, capture, avoid, sequester carbon dioxide, methane, or nitrous oxide emissions.
 - » Allocates \$3.25 billion for the [Conservation Stewardship Program](#) for agricultural conservation projects that directly improve soil carbon, reduce nitrogen losses, or reduce, capture, avoid, or sequester carbon dioxide, methane, or nitrous oxide emissions.
 - » Allocates \$1.4 billion for the [Agricultural Conservation Easement Program](#) for easements that will most reduce, capture, avoid, or sequester carbon dioxide, methane, or nitrous oxide emissions.
- **Total Allocation:** \$18.05 billion
- **Learn more:** page 198

Sec. 21002 Conservation Technical Assistance

- **Description:** Provides funding for the Natural Resources Conservation Service to carry out technical assistance for conservation.
- **Allocation:** \$1 billion
- **Learn more:** page 201

Air Pollution

Sec. 60102 Grants to Reduce Air Pollution at Ports

- **Description:** Creates a rebates and grant program to eligible recipients on a competitive basis to purchase or install zero-emission port equipment or technology for use at, or to directly serve, one or more ports; to conduct any relevant planning or permitting in connection with the purchase or installation of such zero-emission port equipment or technology; and to develop qualified climate action plans.
- **Allocation:** \$2.25 billion through 2027, \$750 million specifically for projects serving 1 or more communities located in a high air pollution area.
- **Learn more:** page 247.

Sec. 60105 Funding to Address Air Pollution

- **Description:** Allocates funding to the Environmental Protection Agency to make grants for air toxics and community monitoring such as fence-line and screening air monitoring; adding new multipollutant monitoring stations and maintain existing stations; adding new air quality sensors in low-income and disadvantaged communities; addressing emissions from wood heaters; monitor methane emissions; Clean Air Act projects; and greenhouse gas and zero-emission standards for mobile sources.
- **Allocation:**
 - » \$117.5 million for air toxics and community monitoring
 - » \$50 million for adding new and existing multipollutant monitoring stations
 - » \$3 million for adding new air quality sensors in low-income and disadvantaged communities
 - » \$15 million for addressing emissions from wood heaters
 - » \$20 million for monitoring methane emissions
 - » \$25 million for Clean Air Act grants
 - » \$5 million for mobile sources
- **Learn more:** page 250.





Sec. 60106 Funding to Address Air Pollution at Schools

- **Description:** Allocates funding to the Environmental Protection Agency to create grants and other activities to monitor and reduce greenhouse gas emissions and other air pollutants at schools in low-income and disadvantaged communities.
- **Allocation:** \$37.5 million through 2031, \$12.5 million for technical assistance through 2031
- **Learn more:** page 252

Sec. 60114 Climate Pollution Reduction Grants

- **Description:** Creates two grant programs through EPA:
 - » Greenhouse Gas Air Pollution Planning Grants: grants for at least one eligible entity per state to develop a plan to reduce greenhouse gas air pollution. Plans shall outline programs, policies, measures, and projects that will reduce greenhouse gas air pollution.
 - » Greenhouse Gas Air Pollution Reduction Implementation Grants: competitive grants to implement the plan described above.
- **Allocation:** \$250 million for planning grants through September 30, 2031 and \$4.75 billion for implementation grants through September 30, 2026.
- **Learn more:** page 259

savings, type of dwelling (e.g. single-family or multi-dwelling home), and whether the residence is low- or moderate-income or located in a disadvantaged community.

- **Allocation:** \$4.3 billion in formula grants through September 30, 2031
- **Learn more:** page 219

Sec. 50122 High-Efficiency Electric Home Rebate Program

- **Description:** Grants to state energy offices and Tribes to establish a high-efficiency electric home rebate program. Rebates are income-based and cover electrification projects, such as purchasing or installing a heat pump, electric stove, or insulation.
- **Allocation:** \$4.275 billion in formula grants to states; \$225 million to Tribes. Expires September 30, 2031.
- **Learn more:** page 220

Sec. 50123 State-Based Home Energy Efficiency Contractor Training Grants

- **Description:** Grants to states to create and maintain training programs for contractors carrying out home energy efficiency and electrification programs.
- **Allocation:** \$200 million in grants through September 30, 2031.
- **Learn more:** page 224

Sec. 50131 Assistance for Latest and Zero Building Energy Code Adoption

- **Description:** Grants to states to adopt a building energy code(s) for residential and commercial buildings that meets or exceeds the 2021 International Energy Conservation Code generally or its zero-energy provisions; the ANSI/ASHRAE/IES Standard 90.1–2019 for commercial buildings; or an equivalent stretch code.
- **Allocation:** \$330 million in grants through September 30, 2029
- **Learn more:** page 224

Buildings

Sec. 50121 Home Energy Performance-Based, Whole House Rebates

- **Description:** Grants for state energy offices to create the Home Owner Managing Energy Savings (HOMES) rebate program. The rebates would be provided to contractors and homeowners based on energy





Coastal and Insular Programs

Sec. 50241 Office of Insular Affairs Climate Change Technical Assistance

- **Description:** Provides technical assistance for climate change planning, mitigation, adaptation, and resilience to United States Insular Areas.
- **Allocation:** \$15 million through September 30, 2026
- **Learn more:** page 237.

Sec. 40001 Investing in Coastal Communities and Climate Resilience

- **Description:** Authorizes NOAA to provide funding for direct expenditure, contracts, grants, cooperative agreements, and technical assistance to coastal states, DC, tribal and local governments, NGOs, and higher education institutions for:
 - » Conserving, restoring, and protecting coastal and marine habitats, resources, Pacific Salmon, and fisheries.
 - » Preparing for extreme storms and changing climate conditions.
 - » Supporting natural resource projects that sustain coastal and marine dependent communities.
 - » Assessing marine fishery and marine mammal stocks.
- **Allocation:** \$2.6 billion
- **Learn more:** page 211

Forests

Sec. 23002 Competitive Grants for Non-Federal Forest Landowners

- **Description:** Funds five grant programs available to non-federal forest landowners through competitive grant programs from the [Cooperative Forestry](#)

[Assistance Act](#) and [Agriculture Improvement Act](#) of 2018:

- » One: Supports underserved forest landowners in carrying out climate mitigation and forest resilience practices.
 - » Two: Supports underserved forest landowners in emerging private markets for climate mitigation and forest resilience.
 - » Three: Supports the participation of forest landowners with less than 2,500 acres of forest lands in private markets for climate mitigation and forest resilience.
 - » Four: Provides grants to states and other eligible entities for payments to private forest land practices for the implementation of forestry practices to increase carbon sequestration and storage beyond customary practices.
 - » Five: Establishes grants to reduce hazardous fuels and haul them to locations where these materials can be utilized.
- **Allocation:** \$150 million for program one, \$150 million for program two, \$150 million for program three, \$50 million for program four, and \$100 million for program five.
 - **Learn more:** pages 209-210

Sec. 23003 State and Private Forestry Conservation Programs

- **Description:** Funds two programs for forestry conservation:
 - » Program One: Provides competitive grants to states through the [Forest Legacy Program](#) for acquisition of land and interests in land.
 - » Program Two: Provides multiyear, programmatic, competitive grants to State and DC agencies, local government entities, and Indian tribes for tree planting and related activities.
- **Allocation:** \$700 million for Program One and \$1.5 billion for Program Two.
- **Learn more:** page 209



Renewables

Sec. 60103 Greenhouse Gas Reduction Fund

- **Description:** EPA grants and loans to programs that provide financial support to low and zero carbon technologies. These funds can act as seed capital for state, local, and tribal Green Bank programming. \$11.97 billion is allocated for entities that would provide financial or technical support to establish financial institutions like a state Green Bank. \$15 billion is allocated to provide financial and technical support for clean energy technologies in low-income and disadvantaged communities. Eligible programs must prioritize projects that would not otherwise have access to financing.
- **Allocation:** \$26.97 billion in grants and loans through September 30, 2024
- **Learn more:** page 249

Sec. 50144 Energy Infrastructure Reinvestment Financing

- **Description:** DOE loan guarantees for projects to retool, repower, repurpose, or replace energy infrastructure that has ceased operations (such as a coal plant); or enable operating energy infrastructure to avoid, reduce, or sequester air pollutants or anthropogenic emissions of greenhouse gases. These loans can be used for securitization.
- **Allocation:** \$5 billion in loan guarantees through September 30, 2026
- **Learn more:** page 228

Sec. 50151 Transmission Facility Financing

- **Description:** Direct loan program for transmission projects. This money is only available for transmission projects within a National Interest Electric Transmission Corridor (NIETC). The Department of Energy has not yet designated any NIETCs, so ways to access this funding will become clear later on.

- **Allocation:** \$2 billion in direct loans through September 30, 2030
- **Learn more:** page 229

Sec. 50152 Grants to Facilitate the Siting of Interstate Electricity Transmission Lines

- **Description:** Grants to states for transmission project studies, examination of alternative siting corridors, hosting negotiations with project backers and opponents, participating in federal and state regulatory proceedings, and promoting economic development in affected communities. The siting decision must take place within two years. The federal cost share cannot be more than half.
- **Allocation:** \$760 million in grants through September 30, 2029
- **Learn more:** page 229

Sec. 50153 Interregional and Offshore Wind Electricity Transmission Planning, Modeling, and Analysis

- **Description:** Covers costs of planning, modeling, analysis, and development of interregional transmission and/or optimized integration of energy generated from offshore wind.
- **Allocation:** \$100 million through September 30, 2031
- **Learn more:** page 231

Rural Programs

Sec. 22001 Additional Funding for Electric Loans for Renewable Energy

- **Description:** Provides additional funding to the existing program under the Farm Security and Rural Investment Act and expands criteria to include energy storage.
- **Allocation:** \$1 billion in loans. Expires September 30, 2031.
- **Learn more:** page 201





Sec. 22004 USDA Assistance for Rural Electric Cooperatives

- **Description:** USDA loans or other financial assistance to rural electric cooperatives for projects achieve the greatest reduction in carbon dioxide, methane, and nitrous oxide emissions associated with rural electric systems through renewable energy, zero-emission systems, or energy efficiency improvements to generation or transmission.
- **Allocation:** \$9.7 billion in loans through September 30, 2031
- **Learn more:** page 203

Transportation

Sec. 60101 Clean Heavy-Duty Vehicles

- **Description:** Creates a grant program for eligible contractors, including states, for providing rebates, for up to 100 percent of costs for the incremental costs of replacing an eligible vehicle that is not a zero-emission vehicle with a zero-emission vehicle, purchasing, installing, operating, and maintaining infrastructure needed to charge, fuel, or maintain zero-emission vehicles; workforce development and training to support the maintenance, charging, fueling, and operation of zero-emission vehicles; and planning and technical activities to support the adoption and deployment of zero-emission vehicles.
- **Allocation:** \$600 million through 2031, and \$400 million through 2031 specifically for projects serving 1 or more communities located in a high air pollution area.
- **Learn more:** page 247

Sec. 60501 Neighborhood Access and Equity Grant Program

- **Description:** Allocates funding to the Federal Highway Administration for a competitive grant program to:

- » Support efforts to improve walkability, safety, and affordable transportation access;
 - » Mitigate or remediate negative impacts on the human or natural environment resulting from a facility in a disadvantaged or underserved community;
 - » Support planning and capacity building activities in disadvantaged or underserved communities.
- Allocation:** \$1.9 billion through 2026, \$1.3 billion through 2026 for economically disadvantaged and underserved communities.

- **Learn more:** page 263

Sec. 60104 Diesel Emissions Reductions

- **Description:** Allocates funding to the Environmental Protection Agency to identify and reduce diesel emissions resulting from goods movement facilities (including vehicles) in low-income and disadvantaged communities.
- **Allocation:** \$60 million through 2031
- **Learn more:** page 251

Sec. 60506 Low-Carbon Transportation Materials Grants

- **Description:** Allocates funding to the Federal Highway Administration to reimburse or provide incentives to use low-carbon transportation materials.
- **Allocation:** \$2 billion through 2026
- **Learn more:** page 268

Tribal Nations and Indigenous Communities

Sec. 60201 Environmental and Climate Justice Block Grants

- **Description:** Grants for eligible entities to pursue projects for pollution monitoring, prevention, and remediation; workforce development; climate mitigation and adaptation; and participation in state and federal stakeholder processes. Eligible entities are partnerships between a community-based non-profit and a Tribe, local government, or higher education institution.



- **Allocation:** \$3 billion in grants and technical assistance through September 30, 2026.
- **Learn more:** page 261

Sec. 80001 Tribal Climate Resilience

- **Description:** Establishes the Tribal Climate Resilience and Adaptation program and allocates funds for tribal fish hatchery operations and maintenance programs.
- **Allocation:** \$220 million for Tribal Climate Resilience and Adaptation; \$10 million for hatcheries
- **Learn more:** page 271

Sec. 80002 Native Hawaiian Climate Resilience

- **Description:** Establishes the Native Hawaiian Climate Resilience and Adaptation program to carry out climate resilience and adaptation activities.
- **Allocation:** \$25.5 million
- **Learn more:** page 271

Sec. 80003 Tribal Electrification Program

- **Description:** Monies to the Bureau of Indian Affairs for the provision of electricity to unelectrified Tribal homes through zero-emissions systems, transitioning electrified Tribal homes to zero-emissions energy systems, and associated home repairs and retrofitting necessary to install zero-emission energy systems.
- **Allocation:** \$145.5 million through September 30, 2031
- **Learn more:** page 272

Sec. 80004 Emergency Drought Relief for Tribes

- **Description:** Disperses funds to mitigate near-term drought relief impacts that are impacted by the operation of a Bureau of Reclamation water project.
- **Allocation:** \$12.5 million
- **Learn more:** page 272

Water

Sec. 50233 Drought Mitigation in the Reclamation States

- **Description:** Appropriates funds, through grants, contracts, or financial assistance agreements, to public entities and Indian tribes to mitigate the impacts of drought in the [Reclamation States](#) experiencing long-term drought. These projects may include:
 - » Compensation for reduction in diversion of water or consumptive water use.
 - » Voluntary system conservation projects that achieve reductions in water supplied or provide environmental benefits.
 - » Ecosystem and habitat restoration projects to address issues directly caused by drought in a river basin or inland water body.
- **Allocation:** \$4 billion
- **Learn more:** page 236

Wildlife Conservation

Sec. 60302 Funding for the US Fish and Wildlife Service to Address Weather Events

- **Description:** Authorizes the FWS to make direct expenditures, award grants, and enter into contracts & cooperative agreements to rebuild and restore units of the National Wildlife Refuge System and State wildlife management areas by:
 - » Addressing the threats of invasive species.
 - » Increasing habitat resiliency for weather events.
 - » Reducing amounts of damage caused by weather events.
- **Allocation:** \$121.250 million
- **Learn more:** page 262



Resources

- [Inflation Reduction Act](#) (climate sections start on page 89)
- A Turning Point for US Climate Progress: Assessing the Climate and Clean Energy Provisions in the Inflation Reduction Act - [Rhodium Group](#)
- Breaking Down the Environmental Justice Provisions in the 2022 Inflation Reduction Act - [Environmental & Energy Law Program at Harvard University](#)
- Electricity Transmission Provisions in the Inflation Reduction Act of 2022 - [Congressional Research Service](#)
- Five Things to Know About the Updated EV Charging Tax Credit - [Union of Concerned Scientists](#)
- Green Banks and the Inflation Reduction Act Issue Brief - [National Caucus Of Environmental Legislators](#)
- How much money will you get with the Inflation Reduction Act? (Savings Calculator) - [Rewiring America](#)
- How States and Cities Can Benefit From Climate Investments in the IRA - [Center for American Progress](#)
- Implementing the Inflation Reduction Act: A Roadmap for State Electricity Policy - [Energy Innovation](#)
- Inflation Reduction Act: Buildings Provisions - [US Green Buildings Alliance](#)
- IRA EV Tax Credits - [SAFE and Electrification Coalition](#)
- Inflation Reduction Act (IRA) Summary: Energy and Climate Provisions - [Bipartisan Policy Center](#)
- Understanding the Inflation Reduction Act - [Council of State Governments](#)
- User Guide to the Inflation Reduction Act - [BlueGreen Alliance](#)
- What is in the Inflation Reduction Act for Bikes? - [People for Bikes](#)





The IRA creates myriad tax credits for the American people to access directly. State legislators can help ensure their constituents, local businesses, and NGOs are aware of the tax credit opportunities, including the possibility of direct pay.

Buildings

Sec. 13301 Extension, Increase, and Modifications of Nonbusiness Energy Property Credit

- **Description:** An annual tax credit equal to 30% of the amount paid for qualified energy efficiency improvements and residential energy property expenditures, up to \$1,200. Qualified projects include, but are not limited to, home energy audits, heat pumps, insulation, and windows.

Sec. 13302 Residential Clean Energy Credit

- **Description:** extends the Residential Clean Energy Credit
- **Expires:** December 31, 2034

Sec. 13303 Energy Efficient Commercial Buildings Deduction

- **Description:** raises the tax deduction for commercial building construction up to \$5.00 per square foot based on the building's energy efficiency and prevailing wage requirements.

Sec. 13304 Extension, Increase, and Modifications of New Energy Efficient Home Credit

- **Description:** Extends and increases the credit for single and multi-family homes that meet Energy Star standards up to \$5,000, depending on the standards met and prevailing wage.
- **Expires:** December 31, 2032

Sec. 13801 Elective Payment for Energy Property and Electricity produced from Certain Renewable Resources, Etc.

- **Description:** creates a direct pay option for eligible taxpayers as an alternative to the tax credits previously outlined, among others. Direct pay allows eligible taxpayers with little or no tax liability to access the credits as a refundable payment instead of through a tax filing. Eligible taxpayers generally include tax-exempt entities like non-profits and state, local, and tribal governments.

Renewables

Sec. 45 Renewable Electricity Production Tax Credit (PTC)

- **Description:** Extends/revives the existing production tax credit of 1.5 c/kWh for solar, wind, geothermal, and some renewable but not clean sources.
- **Expires:** 2024

Sec. 48 Extension of Energy Investment Tax Credit (ITC)

- **Description:** Extends the existing energy investment tax credit for applicable energy projects. Generally it is a 30% credit for solar, geothermal, small wind, offshore wind, and energy storage properties.
- **Expires:** 2024

Sec. 45Y New Clean Electricity Production Tax Credit (PTC)

- **Description:** This credit replaces the Renewable Electricity PTC after 2024. 45Y is a tech-neutral, emissions-based incentive of 1.5 c/kWh of electricity produced at facilities starting service after 2024 with zero or negative GHG emissions.



Sec. 48E New Clean Electricity Investment Tax Credit (ITC)

- This credit replaces the Energy ITC after 2024. 48E is a tech-neutral, emissions-based incentive of 30% of investment in the year the facility starts service. Includes the cost of interconnection for clean electricity projects smaller than 5 MW. Facilities are only eligible for the full credit if they meet prevailing wage and apprenticeship requirements. The base credit is 6% and increases to 30%. Sec. 13103 outlines a:
 - 10% bonus for:
 - » projects located in energy communities (brownfield sites or fossil fuel communities).
 - » meeting domestic manufacturing requirements for steel, iron, or manufactured components.
 - » bonus for projects located in low-income communities or on Tribal land.
 - 20% bonus for projects located in low-income residential buildings or part of low-income economic benefit projects.

Transportation

Sec. 13401 Clean Vehicle Credit

- **Description:** Extends the \$7,500 consumer credit for the purchase of a qualified new clean vehicle, including electric vehicles, plug-in hybrids, and hydrogen fuel cell vehicles.
- **Made in America Restrictions:** Full credit is contingent upon the percentage of critical minerals utilized in battery components that are not extracted in the U.S. or a Free Trade Agreement country. The percentage required increases from 40% in 2024 to 80% in 2026. Full credit is contingent on if the electric vehicle is assembled in North America. The percentage increases from 50% in 2024 to 100% in 2028.

- **Cost Restrictions:** Maximum of \$80,000 per vehicle for vans, SUVs and pickups and \$55,000 for other vehicles.
- **Income Restrictions:** Income eligibility limit of \$150,000 or \$300,000 for joint filers.
- **Note:** Eliminates manufacturer quota.

Sec. 13402 Credit for Previously Owned Clean Vehicles

- **Description:** Creates a consumer tax credit for previously owned clean non-commercial vehicles, including electric vehicles and plug-in hybrids. Credit for \$4,000 or 30% of the vehicle cost.
- **Vehicle Restriction:** Sets a maximum sale price of \$25,000. Model must be at least 2 years older than the year of sale.
- **Income Restrictions:** Income eligibility limit of \$75,000 or \$150,000 for joint filers.

Sec. 13403 Qualified Commercial Vehicles

- **Description:** Creates a \$7,500 tax credit for the purchase of class 1-3 qualified electric vehicles for commercial use. Creates a \$40,000 tax credit for the purchase of class 4 and above qualified electric vehicles for commercial use.

Sec. 13404 Alternative Fuel Refueling Property Credit

- **Description:** Extends tax credit for alternative fuel refueling property credit to property placed into service before 2033. Increases tax credit to 30% of the cost of the property with a cap at \$100,000.
- **Note:** Increases the credit available by a multiple of five for projects using prevailing wage and apprenticeship requirements and are located in eligible census tracts.





Sec. 13201 Extension of Incentives for Biodiesel, Renewable Diesel and Alternative Fuels

- **Description:** Extends the biodiesel mixture credit, the alternative fuel credit, the alternative fuel mixture credit and the payments for alternative fuels through 2024.
- See pg. 114 for more information.

Sec. 13202 Extension of Second General Biofuel Incentives

- **Description:** Extends the second-generation biofuel producer credit through 2024.
- See pg. 115 for more information.

Sec. 13202 Extension of Second General Biofuel Incentives

- **Description:** Extends the second-generation biofuel producer credit through 2024.

Sec. 13203 Sustainable Aviation Fuel Credit

- **Description:** Creates a new tax credit for sustainable aviation fuels utilized between 2022-2024. Fuels must reduce lifecycle greenhouse gas emissions by 50 percent as compared to petroleum-based aviation fuel. The base credit is \$1.25 per gallon of fuel, and a supplemental credit of \$0.01 applies for each percentage reduction of the lifecycle greenhouse gas emissions below 50 percent.

Sec. 50142 Advanced Technology Vehicle Manufacturing

- **Description:** Appropriates \$3 billion to the Department of Energy for loans for reequipping, expanding, or establishing an advanced technology vehicles manufacturing facility in the United States.