Policy & Government Relations

Inflation Reduction Act

August 2022

Inflation Reduction Act

Introduction

Introduction

H.R. 5376, known as the “Inflation Reduction Act,” was signed into law on August 16, 2022 (Public Law 117-62). The law is estimated to generate approximately $859 billion of revenue and budgetary savings over 10 years – primarily by increasing tax revenue and reducing Medicare costs through lower prescription drug prices and inflation rebates. These resources are used to address climate change, improve health care affordability, increase IRS funding, and reduce the deficit, among and other initiatives.

Tax summaries

Deloitte Tax LLP has prepared summaries and analyses of the following tax provisions:

- 15% minimum tax on book income
- 1% excise tax on stock buybacks
- clean energy tax incentives

Sources

- Legislative text of the Inflation Reduction Act: P.L. 117-69
- Revenue estimates: Joint Committee on Taxation, Estimated Budget Effects of the Revenue Provisions of Title I, as passed by the Senate on August 7, 2022 (JCX-18-22), August 9, 2022
- Budget estimates and revenue from tax enforcement: Congressional Budget Office, Estimated Budgetary Effects of H.R. 5376, as posted on the website of the Senate Majority Leader on July 27, 2022, revised August 5, 2022

Note: The CBO budget estimate does not reflect all changes made in the Senate, including changes to the Medicare provisions. Amounts shown in this summary are subject to change pending the final CBO estimate.

Abbreviations

CBO – Congressional Budget Office
DOE – Department of Energy
DOI – Department of the Interior
DOT – Department of Transportation
EPA – Environmental Protection Agency
FHWA – Federal Highway Administration
GHG – Greenhouse gas
IRS – Internal Revenue Service
NOAA – National Oceanic and Atmospheric Administration
USDA – US Department of Agriculture

Sections

Overview

Inflation Reduction Act: Overview

Estimated revenue and budget savings

$349 billion in increased tax revenue

$204 billion in tax revenue from enhanced IRS enforcement

$286 billion* of budget savings from lower Medicare prescription drug costs, inflation rebates, and delay of the drug rebate rule

$20 billion from fossil fuel excise taxes, fees, royalties, and leasing payments

Investment highlights

$416 billion for climate change

- $271 billion in tax incentives
- $145 billion in appropriations (including administrative costs, oversight, and other agency spending)

$102 billion* to improve health care affordability

$79 billion in IRS funding

Approximately **$290 billion*** for deficit reduction

Energy development

Oil and gas:

- Reinstates offshore leases
- Requires more federal land and water to be offered for leasing over the next 10 years as a condition for approving federal onshore and offshore wind and solar development
- Increases royalty and rental rates and minimum bids

Renewable energy: Expands areas in the Outer Continental Shelf where rights of way may be issued

*Subject to change pending final CBO budget estimate

Sources: Joint Committee on Taxation, August 9, 2022; Congressional Budget Office, revised August 5, 2022; P.L. 117-179

Where the resources come from

Revenue and budgetary savings (FY22 – FY31)

		Revenue or cost savings (in millions of dollars)
Tax provisions $348.7 billion	Creates a 15% minimum tax on the adjusted "book income" of impacted corporations	222,248
	Creates a 1% excise tax on stock repurchases, subject to certain exceptions	73,686
	Extends the limitation on excess businesses losses for noncorporate taxpayers	52,759
Tax enforcement $203.7 billion	Increases tax revenue by increasing IRS resources for tax enforcement	203,710
Medicare cost savings* $286.3 billion	Creates a Medicare prescription drug negotiation program[1]	101,811
	Requires prescription drug inflation rebates to be paid to Medicare	62,295
	Delays implementation of the Medicare drug rebate rule	122,151
Fossil fuel provisions $19.9 billion	Reinstates the Superfund excise tax on crude oil and imported petroleum[2]	11,719
	Permanently extends the Black Lung Disability Trust Fund excise tax	1,159
	Imposes a new fee on methane emissions	6,350
	Increases royalty rates and generates payments from lease sales	644
Total		**$858,532**

[1]Estimate includes impact of excise tax on selected manufacturers during periods of noncompliance

[2]CBO estimates this provision will also increase spending by $12,411 million over 10 years because the revenue raised from reinstating the tax will be credited to the Hazardous Substance Superfund, which has permanent authority to spend credited amounts.

*Subject to change pending final CBO budget estimate

Sources: Joint Committee on Taxation, August 9, 2022; Congressional Budget Office, revised August 5, 2022; P.L. 117-179

Where the resources are invested

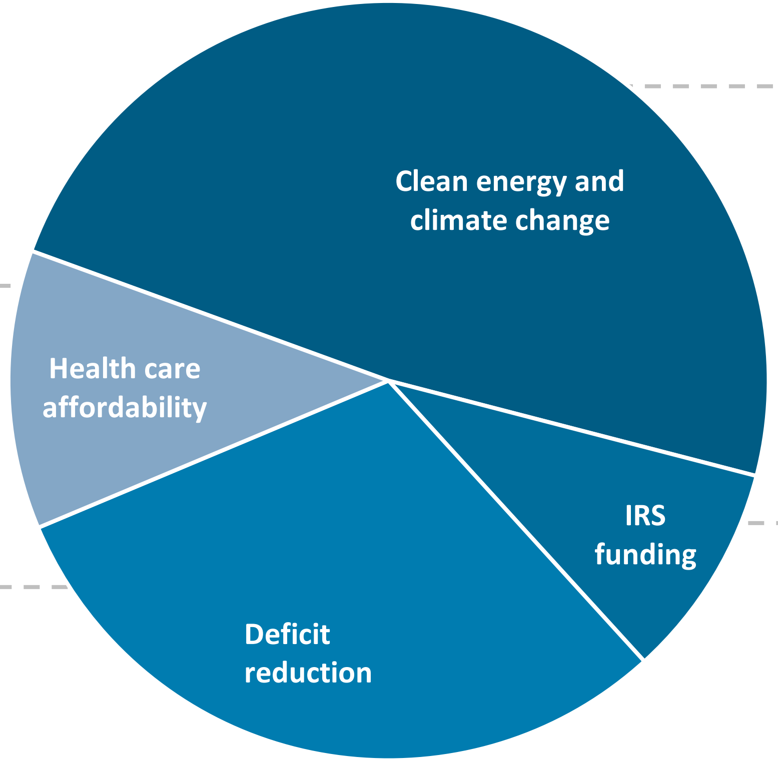
Tax incentives, spending, and deficit reduction (FY22 – FY31)

$102 billion for health care affordability

- **$64 billion** to extend for 3 years the Affordable Care Act premium subsidy enhancements enacted in 2021
- **$34 billion*** to reduce Medicare Part D beneficiary costs, cap insulin co-payments for Medicare beneficiaries, and expand coverage of adult vaccines
- **$3.5 billion** for administrative costs

~$290 billion for deficit reduction*

- CBO estimates that an earlier version of the legislation would reduce the deficit by $90 billion
- CBO estimates that enhanced IRS tax enforcement will increase revenue by $204 billion. This revenue is available for deficit reduction.



$416 billion for climate change, environment, clean energy, climate justice, and other initiatives

- **$271 billion** of tax incentives
- **$145 billion** in appropriated funds (including for administrative costs, oversight, implementation, energy review and permitting, data collection and standardization, systems upgrades, and other spending)
- **$168 million** to increase the research credit against payroll tax for small businesses

$79 billion of IRS funding

- **$47 billion** for tax enforcement
- **$25 billion** for operations support
- **$5 billion** for business systems modernization
- **$3 billion** for taxpayer services
- **$500 million** for implementation
- **$15 million** for a report on direct e-file

*Subject to change pending final CBO budget estimate

Sources: Joint Committee on Taxation, August 9, 2022; Congressional Budget Office, revised August 5, 2022; P.L. 117-179

Appropriations

By federal agency or executive office

Appropriations in the Inflation Reduction Act (in millions of dollars)

Treasury and IRS	79,969
Department of Agriculture	43,734
Environmental Protection Agency	41,456
Department of Energy	35,182
Department of the Interior	6,646
Department of Transportation	5,602
Centers for Medicare and Medicaid Services	3,513
General Services Administration	3,375
National Oceanic and Atmospheric Administration	3,310
US Postal Service	3,015
Department of Housing and Urban Development	1,000
Department of Defense	500
Department of Homeland Security	500
Federal Permitting Improvement Steering Council	350
Federal Energy Regulatory Commission	100
Council on Environmental Quality	63
Office of Management and Budget	25
Government Accountability Office	25

Most funds are available until 09/30/2031 or earlier.
The table does not include $153 million appropriated to the US Tax Court.
Source: P.L. 117-179

Provisions that generate revenue and budgetary savings

Tax provisions and tax enforcement

A summary of the tax provisions prepared by the Deloitte Washington National Tax (WNT) Practice can be found here.

Corporate minimum tax (A Tax Alert about this provision from Deloitte Tax LLP can be found here.)

- Creates a 15% alternative minimum tax for corporations with more than $1 billion of average adjusted financial statement income (AFSI) over a three-year period (or less if the company has been in existence less than three years); the $1 billion threshold is not indexed for inflation. Certain items are excluded from AFSI, including income and costs associated with defined benefit pension plans, depreciation deductions for tangible assets, and amortization deductions for qualified wireless spectrum used in the business of a wireless telecom carrier.
- Does not apply to S corporations, regulated investment companies (RICs), and real estate investment trusts (REITs)
- Effective for taxable years beginning after 12/31/2022
- Raises $222.25 billion over 10 years

Excess business losses

- Extends for two years (through taxable years beginning before 01/01/2029) the limitation on excess business losses for noncorporate taxpayers
- Raises $52.76 billion over 10 years

Excise tax on stock repurchases (A Tax Alert about this provision from Deloitte Tax LLP can be found here.)

- Creates a new 1% excise tax on the fair market value of stock repurchases by publicly-traded corporations, subject to some exceptions
- Effective for repurchases made after 12/31/2022
- Raises $73.69 billion over 10 years

Tax enforcement

- The IRS will receive $45.6 billion for tax enforcement. CBO estimates enhanced enforcement will increase revenue that is owed, but not timely paid, by $203.71 billion over 10 years.

Sources: Joint Committee on Taxation, August 9, 2022; Congressional Budget Office, revised August 5, 2022

Medicare prescription drug provisions

Drug price negotiation

- Beginning in 2023, the Centers for Medicare and Medicaid Services (CMS) may negotiate prices for select high-cost Medicare Part D drugs (expanding to Part B drugs) directly with manufacturers. Negotiated prices will apply beginning in 2026.
- The number of drugs covered by the program will gradually increase from 10 to up to 60.
- A manufacturer, producer, or importer will be subject to an excise tax of up to 95% on the sale of all products covered by the program if they are not in compliance.
- $3 billion is appropriated to CMS for FY22 to carry out the program.
- Saves $101.8 billion over 10 years*

Inflation rebates

- Drug manufacturers will be required to pay a rebate to Medicare starting in 2023 if they increase Part B and D drug prices faster than the rate of inflation.
- $160 million is appropriated to CMS for FY22 to carry out the inflation rebates.
- Saves $62.3 billion over 10 years*

Drug rebate rule

- A regulation finalized in November 2020 would eliminate the anti-kickback safe harbor protections for prescription drug rebates. Implementation will be delayed from 01/01/2026 until 01/01/2032.
- Saves $122.2 billion over 10 years*

*Subject to change pending final CBO budget estimate
Source: Congressional Budget Office, revised August 5, 2022

Fossil fuels

A summary of the tax provisions prepared by the Deloitte Washington National Tax Practice can be found here.

Superfund excise tax

- Reinstates the Hazardous Substance Superfund excise tax on crude oil and imported petroleum at a rate of 16.4 cents per barrel (adjusted annually for inflation)
- Effective 01/01/2023 through 12/31/2032
- Raises $11.72 billion over 10 years[1]

Black lung disability trust fund

- Permanently extends the tax imposed on the sale of coal, which finances the Black Lung Disability Trust Fund
- Effective for sales in calendar years beginning after date of enactment (08/16/2022)
- Raises $1.16 billion over 10 years

Methane fee *(This provision is also shown on slide 35.)*

- Imposes a new fee on methane emissions for oil and gas facilities that report more than 25,000 metric tons of carbon dioxide equivalent emissions per year
- The fee is generally $900 per ton of methane in 2024 increasing to $1,500 in 2026.
- Administered by the EPA
- Raises $6.35 billion over 10 years

Leasing and royalties *(See slides 62-63 for more information.)*

- Reinstates offshore oil and gas leases and authorizes new onshore and offshore lease sales
- Increases onshore and offshore oil and gas royalty rates
- Increases minimum bid rates, rental rates, and fees for expressions of interest
- Oil and gas leasing is administered by DOI.
- Raises $644 million/10 years

[1]CBO estimates this provision will also increase spending by $12.4 billion over 10 years due to increased spending from the Superfund.

Sources: Joint Committee on Taxation, August 9, 2022; Congressional Budget Office, revised August 5, 2022; P.L. 117-179

Health care affordability

Health care affordability

Medicare Part D prescription drug program

- Eliminates the 5% Medicare Part D cost sharing requirement in the catastrophic phase of the benefit starting in 2024 and then caps annual out-of-pocket expenses at $2,000 starting in 2025; imposes a maximum monthly cap on cost sharing payments starting in 2025
- Caps the amount by which Part D plans can increase year-over-year premiums at 6% in 2024 – 2029
- Expands eligibility for Part D low-income subsidies from 135% of the federal poverty line to 150% starting in 2024 and makes additional changes to Medicare Part D
- $341 million is appropriated to the Centers for Medicare and Medicaid Services to carry out the Part D redesign and $10 million is appropriated to carry out cost sharing cap
- Costs $27.3 billion over 10 years*

Affordable Care Act (ACA) premium subsidies

- Extends for three years (through 2025) the higher ACA premium tax credit and expanded eligibility for the credit; these enhancements were enacted in the American Rescue Plan Act of 2021
- Costs $64.1 billion over 10 years

Vaccine coverage

- Requires Medicare Part D to cover all adult vaccines recommended by the Advisory Committee on Immunization Practices with no cost-sharing or deductibles beginning in 2023; expands adult vaccine coverage under Medicaid and the Children's Health Insurance Program
- Costs $7 billion over 10 years

Insulin

- Caps copays at $35 per month (with no deductible) for insulin products covered under Medicare Part D or furnished through durable medical equipment
- $1.5 million is appropriated to CMS to carry out the provision.
- Cost estimate not available*

*Subject to change pending final CBO budget estimate

Sources: Joint Committee on Taxation, August 9, 2022; Congressional Budget Office, revised August 5, 2022; P.L. 117-179

IRS and US Tax Court funding

IRS and US Tax Court funding

Funding is appropriated for FY22 and available until 09/30/2021 unless otherwise noted.

IRS

- $45.64 billion for **tax enforcement**
- $25.33 billion for **operations support**
- $4.75 billion for **business systems modernization**
- $3.18 billion for **taxpayer services**
- $500 million to implement the law's **tax provisions***
- $15 million to prepare a report to Congress within nine months of enactment on the costs of developing and running a **free direct e-file tax return system**; the report will include information about taxpayer opinions and expectations and the opinions of an independent third-party

US Tax Court

- $153 million for **necessary expenses**, including contract reporting

*This provision is also shown on slide 56.
Source: P.L. 117-179

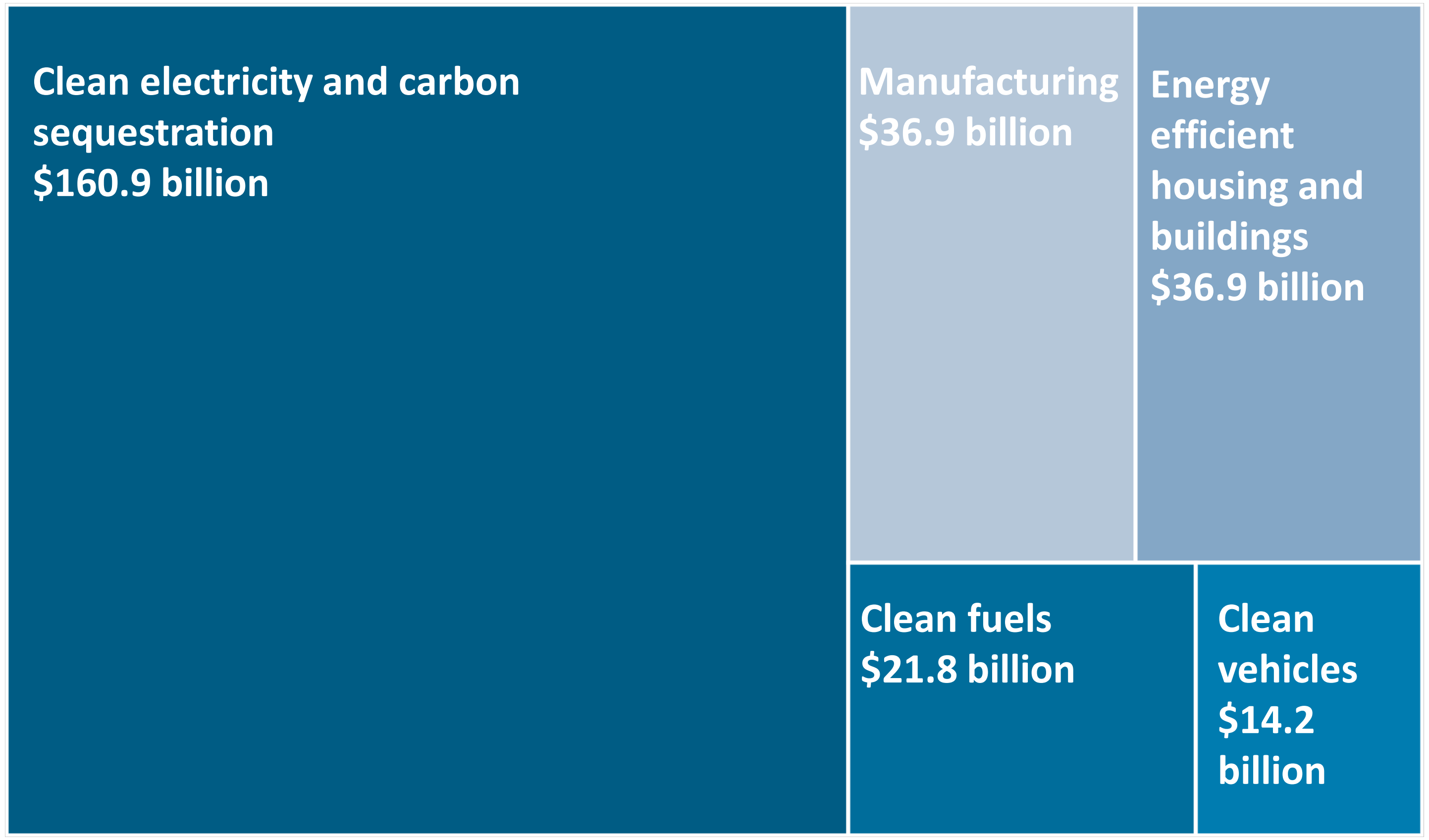
Clean energy and climate change mitigation

Clean energy and climate change mitigation: $271 billion of tax incentives

A detailed summary of the clean energy tax provisions from Deloitte Tax LLP can be found here.

The Inflation Reduction Act provides $271 billion of tax incentives for clean energy over 10 years (FY22- FY31). Most of the incentives generally have a two-tiered structure: a standard "base" rate and a "bonus" rate (equal to five times the base rate). The bonus rate applies to projects that meet prevailing wage and apprenticeship requirements. Certain provisions offer additional bonus rates if the project (1) is located in an "energy community," such as a brownfield site, and/or (2) meets domestic content requirements with respect to steel, iron, or manufactured products. Certain entities (generally tax-exempt and State governmental entities) may claim a payment instead of a tax credit. Taxpayers that are not eligible for this "direct pay" option may be able to transfer certain credits to another entity.

FY22 – FY31



Sources: Joint Committee on Taxation, August 9, 2022; P.L. 117-179

Clean energy and climate change mitigation: $145 billion of appropriations

FY22 – FY31

Rural communities and forestry

$39.4 billion

- Sustainable agriculture; clean power development; forest climate mitigation and resiliency; assistance to underserved farmers/ranchers/forest landowners

Air pollution and air quality

$35.3 billion

- GHG Reduction Fund; air pollution control and reduction grants; air pollution monitoring; grants to reduce air pollution at ports and schools

Clean electricity and emissions reduction or sequestration

$13.9 billion

- Producing and investing in clean and renewable electricity; reducing, avoiding, or sequestering emissions

Manufacturing

$11.3 billion

- Emission reduction at industrial facilities, retrofit facilities to produce clean vehicles; production of clean vehicles and clean energy components

Housing, buildings, and construction material

$16.4 billion

- Retrofit and electrify housing; update and enhance building codes; conversion to green federal buildings; low-carbon construction material

Clean fuels and vehicles

$4.3 billion

- Incentives for clean vehicles and clean transportation fuels; conversion of US Postal Service fleet

Climate justice and select communities

$11.2 billion

- Climate justice block grants; Tribal, Native Hawaiian, and US Territories climate adaptation and resilience programs; Neighborhood Access Grant Program; drought response and mitigation

Conservation and wildlife

$8.3 billion

- Conservation of public lands, parks, coastal marine habitats, coastal communities, and forests; National Wildlife Refuge System; Endangered Species Act

Oversight, upgrades, and other agency funding

$5.3 billion

- Oversight; implementation; data collection; reporting standards; procurement; environmental review and permitting; infrastructure; other funding

Source: P.L. 117-179

Rural communities and forestry (1 of 6)

Topic	Select provisions
Conservation and sustainable agriculture	▪ $18.05 billion to USDA for **conservation programs through the Commodity Credit Corporation** that prioritize climate change mitigation and agricultural practices that improve soil carbon, reduce nitrogen losses, or reduce, capture, avoid, or sequester carbon dioxide, methane, or nitrous oxide emissions associated with agricultural production – $8.45 billion for the Environmental Quality Incentives Program ($250 million for FY23, $1.75 billion for FY24, $3 billion for FY25, and $3.45 billion for FY26) • Includes $50 million per fiscal year to carry out on-farm conservation innovation trials; priority will be given to proposals that utilize diet and feed management to reduce methane emissions from livestock – $3.25 billion for the Conservation Stewardship Program ($250 million for FY23, $500 million for FY24, $1 billion for FY25, and $1.5 billion for FY26) – $1.4 billion for the Agricultural Conservation Easement Program ($100 million for FY23, $200 million for FY24, $500 million for FY25, and $600 million for FY26) – $4.95 billion for the Regional Conservation Partnership Program ($250 million for FY23, $800 million for FY24, $1.5 billion for FY25, and $2.4 billion for FY26) – USDA is prohibited from distributing payments after 09/30/2031 or entering agreements that extend beyond 9/30/2031. USDA is not allowed to use other available funds to satisfy obligations.

Funds are appropriated for FY22 and will be available until 09/30/2031 unless otherwise noted.

Additional provisions related to conservation can be found in the “Conservation and wildlife” section beginning on slide 53.

Source: P.L. 117-179

Rural communities and forestry (2 of 6)

Topic	Select provisions
Conservation and sustainable agriculture	▪ $1.4 billion to **USDA Natural Resources Conservation Service** – $1 billion for conservation technical assistance – $300 million for a program to: (1) quantify carbon sequestration and carbon dioxide, methane, and nitrous oxide emissions and (2) utilize collected data to monitor and track sequestration and emissions trends through the USDA GHG Inventory and Assessment Program • Payments for conservation technical assistance cannot be made after 09/30/2031, and USDA is prohibited from entering into agreements that extend beyond 09/30/2031. USDA is not allowed to use other available funds to satisfy obligations and must fulfill other requirements. – $100 million for administrative costs; funds will be available until 09/30/2028
Electric loans for renewable energy	▪ $1 billion to USDA for loans under Sec. 317 of the Rural Electrification Act that support **electric generation from renewable energy resources** for resale to rural and non-rural residents, including projects that store electricity – Loans may be forgiven up to 50% based on certain conditions (more than 50% with a waiver). – Loan agreements may not result in disbursements after 09/30/2031.

Funds are appropriated for FY22 and will be available until 09/30/2031 unless otherwise noted.
Additional provisions related to conservation can be found in the "Conservation and wildlife" section beginning on slide 53.
Source: P.L. 117-179

Rural communities and forestry (3 of 6)

Topic	Select provisions
Rural power and development	▪ $9.7 billion to USDA for loans, loan modifications, and other financial assistance that contribute to long-term resiliency, reliability, and affordability of rural electric systems by providing funds for the **purchase of renewable energy, renewable energy systems, zero-emission systems, and carbon capture storage systems** – Eligible entities include certain electric cooperatives; an entity that is or has been a previous loan borrower, serves a primarily rural area, or is a wholly or jointly-owned subsidiary of an electric cooperative. – Eligible entities may not receive more than 10% of the total funding for this program, and funding may not cover more than 25% of total project costs. – Commodity Credit Corporation funds may not be used to provide financial assistance to rural electric cooperatives and USDA, unless otherwise authorized. – USDA may not enter into loan agreements which result in a disbursement or outlay after 09/30/2031.
Biofuel infrastructure	▪ $500 million to USDA for grants awarded on a competitive basis to **improve infrastructure for blending, storing, supplying or distributing biofuels** or retrofitting home oil distribution centers to accommodate ethanol and biodiesel blends, with federal cost share up to 75% – Eligible projects include installation, retrofitting, or upgrades to fuel dispensers or pumps and related equipment, storage, and related infrastructure; and construction and retrofitting of home heating oil distribution centers and distribution systems or the equivalent for ethanol and biodiesel blends.

Funds are appropriated for FY22 and will be available until 09/30/2031 unless otherwise noted.
Source: P.L. 117-179

Rural communities and forestry (4 of 6)

Topic	Select provisions
Rural Energy for America Program	▪ $1.72 billion to USDA for FY22-FY27 for grants to implement **renewable energy systems or make energy efficiency improvements** ($820.25 million for FY22 and $180.28 million annually for FY23-FY27) – Grants may not exceed 50% of the cost of the activity. – Eligible entities include State, local, and Tribal governments; institutions of higher education; rural electric or public power cooperatives; councils; and others as determined. ▪ $303.8 million to USDA for grants and guaranteed loans related to **underutilized renewable energy technologies** and to provide program application technical assistance ($144.75 million for FY22 and $31.81 million annually for FY23-FY27) – Assistance cannot exceed 50% of the cost of the activity. – USDA may not enter into any loan agreement that may result in a disbursement after 09/30/2031; remaining funds at each fiscal year-end must be used for Rural Energy for America program grants.
Administrative costs	▪ $100 million to USDA for **administrative costs**, salaries, and expenses related to electric loans, rural power and development, biofuel infrastructure, and the Rural Energy for America Program

Funds are appropriated for FY22 and will be available until 09/30/2031 unless otherwise noted.
Source: P.L. 117-179

Rural communities and forestry (5 of 6)

Topic	Select provisions
Forestry	▪ \$550 million to USDA to provide **competitive grants** under the Cooperative Forestry Assistance Act for eligible landowners to undertake **climate mitigation and forest resilience practices**, provided that all recipients are subjected to a non-federal match requirement of at least 20% and a waiver at USDA's discretion – \$150 million for underserved foresters to invest in climate mitigation or forest resilience practices – \$150 million for underserved foresters' participation in emerging private markets for climate mitigation and forest resilience – \$100 million for small forest landowners, defined as those who own less than 2,500 acres, to participate in emerging private markets for climate mitigation and forest resilience – \$100 million for grants under the Wood Innovation Grant Program, including for the construction of facilities and hauling removed material to reduce hazardous fuels; requires a 50% non-federal cost-share and capping grants at \$5 million – \$50 million for States and other eligible entities to pay private forestland owners to implement forest practices designed to increase carbon sequestration and storage beyond customary practices on comparable land; prevents grant recipients from being excluded from participation in other public and private sector financial incentive programs ▪ \$100 million to USDA for **administrative costs** associated with implementing US Forest Service programs (including forest conservation programs found on slide 53)

Funds are appropriated for FY22 and will be available until 09/30/2031 unless otherwise noted.
Source: P.L. 117-179

Rural communities and forestry (6 of 6)

Topic	Select provisions
Assistance to farmers, ranchers, and forest landowners	▪ $3.1 billion to USDA for loans and loan modifications to **distressed borrowers whose agricultural operations are at risk**; eligible borrowers must have direct or guaranteed loans administered by the Farm Service Agency. ▪ $2.2 billion to USDA for financial assistance to individual farmers, ranchers, or forest landowners who **experienced discrimination prior to 2021**, up to $500,000 each ▪ $250 million to USDA to support and supplement **agricultural research, education, and extension**, as well as scholarships, agricultural sector internships and programs, and federal employment for land-grant institutions, Tribal colleges and universities, institutions serving Alaska and Hawaiian natives, Hispanic-serving institutions, and insular area institutions of higher education located in US territories ▪ $250 million to USDA to provide grants and loans to eligible entities to **improve land access**, including heirs' property and fractionated land issues for underserved farmers, ranchers, and forest landowners ▪ $125 million to USDA to provide **outreach, mediation, trainings, cooperative development**, and agricultural credit training and support to underserved farmers, ranchers, and forest landowners, and inclusive of veterans, limited resource providers, beginning farmers and ranchers, and individuals living in high-poverty areas ▪ $10 million to USDA to support one or more commissions that will **address racial equity issues within USDA** and its programs ▪ $24 million to USDA for **administrative costs**, including employee trainings ▪ **Repeals USDA Farm Loan Assistance** authorized under the American Rescue Plan and replaces it with funding for other programs with similar goals

Funds are appropriated for FY22 and will be available until 09/30/2031 unless otherwise noted.
Source: P.L. 117-179

Air pollution and air quality (1 of 4)

Topic	Select provisions
Greenhouse Gas Reduction Fund	▪ $27 billion to **establish a GHG Reduction Fund** to provide nonprofit, State, and local financing institutions with **financial support to rapidly deploy low- and zero-emission technologies** by leveraging investment from the private sector and requiring funded projects to reduce air pollution through reduction or avoidance of GHG emissions; funds will be available until 09/30/2024 – $11.97 billion for grants to provide investments and technical assistance for qualifying projects – $8 billion for grants to eligible recipients for financial and technical assistance to low-income and disadvantaged communities – $7 billion for grants to States, municipalities, Tribal governments, and other eligible entities to provide grants, loans, other forms of financial support, and technical assistance to enable low-income and disadvantaged communities to benefit from project investments, including distributed technologies on residential rooftops – $30 million for administrative costs associated with managing and dispersing awards
Pollution reduction at schools	▪ $37.5 million for grants and other activities to monitor and reduce GHG emissions and other air pollutants at **schools in low-income communities** – An additional $12.5 million to provide technical assistance to schools in low-income and disadvantaged communities

Funds are appropriated to EPA for FY22 and will be available until 09/30/2031 unless otherwise noted.
Source: [P.L. 117-179]

Air pollution and air quality (2 of 4)

Topic	Select provisions
Pollution reduction grants	▪ $4.75 billion for **GHG air pollution reduction implementation grants**; funds will be available until 09/30/2026 – Grants will be awarded on a competitive basis to States, Tribes, municipalities, and/or air pollution control agencies to implement plans developed using EPA GHG air pollution planning grants; consideration will be given for the impact on low-income and disadvantaged communities – 3% of funds are available for program administration and technical assistance ▪ $250 million for **GHG air pollution planning grants**, requiring EPA to announce the funding opportunity within 270 days of enactment; a grant must be awarded to at least one eligible entity per State to develop a GHG air pollution reduction plan
Pollution reduction at ports	▪ $3 billion to establish a program to award grants and rebates for the **purchase and installation of zero-emission equipment and technology at ports**; to conduct planning and permitting related to the purchase or installation of zero-emission equipment and technology at ports; and the development of qualified climate action plans at ports; funds will be available until 09/30/2027 – Eligible recipients include a port authority; State, regional, or Tribal agency with jurisdiction over a port authority or port; or qualified private entity. – $750 million must be used for activities at ports located in nonattainment areas of high pollution. – 2% reserved for administrative costs

Funds are appropriated to EPA for FY22 and will be available until 09/30/2031 unless otherwise noted.
Source: P.L. 117-179

Air pollution and air quality (3 of 4)

Topic	Select provisions
Monitoring and addressing air pollution	▪ $117.5 million for grants to deploy, integrate, support, and maintain **fenceline air monitoring, screening air monitoring, national air toxics trend stations**, and other air toxics and community monitoring ▪ $50 million for grants to **expand the national ambient air quality monitoring network** with new multipollutant monitoring stations, and to replace, repair, operate, and maintain existing monitors ▪ $15 million for grants for testing and other activities to address **emissions from wood heaters** ▪ $20 million for grants to **monitor methane emissions** ▪ $25 million for clean air grants and other activities related to the **national research and development program** for the prevention and control of air pollution ▪ $5 million for the development of tests and protocols related to the **environmental and public health effects** of fuel, data collection related to the lifecycle GHG emissions of a fuel, and analyses and evaluation of the impact of transportation fuels ▪ $3 million for air and multipollutant station activities to deploy, integrate, and operate **air quality sensors** in low-income and disadvantaged communities

Funds are appropriated to EPA for FY22 and will be available until 09/30/2031 unless otherwise noted.
Source: P.L. 117-179

Air pollution and air quality (4 of 4)

Topic	Select provisions
Hydrofluoro-carbons	▪ $38.5 million for the implementation of Sec. 103 of Division S of the American Innovation and Manufacturing Act; funds will be available until 09/30/2026 – $20 million for monitoring and reporting of the **phase-down of the production and consumption of certain pollutants** – $15 million for competitive grants for **reclaim and innovative destruction technologies** – $3.5 million to **deploy new implementation and compliance tools**, with 5% of funds reserved for administrative costs

Funds are appropriated to EPA for FY22 and will be available until 09/30/2031 unless otherwise noted.

Source: P.L. 117-179

Clean electricity and emissions reduction or sequestration (1 of 6)

Topic	Select provisions
Energy infrastructure	▪ $5 billion to DOE to establish a new program that will make guarantees and offer refinancing for **energy infrastructure reinvestment projects,** including those that **retool, repower, repurpose, or replace energy infrastructure** that has ceased operations or enable operating energy infrastructure to avoid, reduce, utilize, or sequester GHG emissions or other air pollutants; funds will be available until 09/30/2026 – The program will provide loan guarantee authority of up to $250 billion, subject to limitations. – Eligible entities must submit a detailed plan describing the proposed project and its community impact. – Projects involving electricity generation via fossil fuels are required to employ technologies that avoid, reduce, utilize, or sequester air pollutants and GHG emissions. – Entities are required to fully repay their obligation over a period of up to 30 years.
Facilities of national interest	▪ $2 billion to DOE for a direct loan program for non-federal borrowers to construct or modify **electric transmission facilities** designated by DOE to be necessary in the national interest; funds will be available until 09/30/2030 – Loan terms may not exceed the lesser of 30 years or 90% of the projected useful life of the facility. – Loans shall not exceed 80% of the project costs and may not be subordinate to other financing. – DOE may not enter into loan agreements that could result in disbursements after 09/30/2031.
Transmission planning	▪ $100 million to DOE to convene stakeholders and conduct planning, modeling, and analysis related to **interregional and offshore wind electricity transmission**

Funds are appropriated for FY22 and will be available until 09/30/2031 unless otherwise noted.
Source: P.L. 117-179

Clean electricity and emissions reduction or sequestration (2 of 6)

Topic	Select provisions
Siting of interstate transmission lines	▪ $760 million to DOE to make **grants to facilitate the siting of interstate electricity transmission lines**, with a federal cost share of 50%; funds will be available until 09/30/2029 – Eligible entities include a State, local, or Tribal governmental entity with the authority to make a final determination regarding the siting, permitting, or regulatory status of a covered transmission project proposed to be located in an area under the entity's jurisdiction. – Eligible projects include studies and analyses; examination of alternate siting corridors; participation in regulatory proceedings with competing jurisdictions or related to applicable rates and cost allocations of the project; other measures that improve the chances of and shorten the time required for approval. – Grants are allowed for economic development activities for communities that may be affected by the construction and operation of a covered transmission project as long as such activities will not result in any outlays after 09/30/2031. – Grants are conditioned on agreement to a final decision on the siting or permitting of a covered transmission project within two years of award.
Increasing TELG loan guarantee amount	▪ $75 million to DOE to increase the maximum loan guarantee under the **Tribal Energy Loan Guarantee Program** from $2 billion to $20 billion for Tribal energy development and to increase the maximum amount that can be guaranteed from 90% of the loan to 100%; funds will be available until 09/30/2028

Funds are appropriated for FY22 and will be available until 09/30/2031 unless otherwise noted.
Source: P.L. 117-179

Clean electricity and emissions reduction or sequestration (3 of 6)

Topic	Select provisions
Innovation technology	▪ Authorizes DOE loan guarantee authority up to $40 billion available until 09/30/2026, subject to limitations – Eligible **projects are those that avoid, reduce, or sequester air pollutants or GHG** and employ new or significantly improved technologies relative to the commercial technologies currently available, subject to additional emissions reductions requirements. ▪ $3.6 billion to DOE for the **costs of loan guarantees** and using the loan guarantee authority provided; funds will be available until 09/30/2026
Diesel emissions	▪ $60 million to EPA for Diesel Emissions Reduction Act grants to **identify and reduce diesel emissions resulting from goods movements facilities** (e.g., airports, railyards, and distribution centers), and vehicles servicing goods movement facilities, in low-income and disadvantaged communities to address the health impacts of emissions on those communities, with 2% of funds reserved for program administration
Methane emissions	▪ $850 million to EPA for grants, rebates, contracts, loans, and other activities and associated administrative costs to provide financial and technical **assistance to facility owners and operators for methane mitigation**, including efforts to prepare GHG reports, monitor methane emissions, improve community climate resiliency, improve industrial equipment and processes that reduce GHG emissions, support related innovation, shut down wells on non-federal land, mitigate GHG health effects, and support environmental restoration – An additional $700 million for such activities at marginal conventional wells – Funds will be available until 09/30/2028.

Funds are appropriated for FY22 and will be available until 09/30/2031 unless otherwise noted.
Source: P.L. 117-179

Clean electricity and emissions reduction or sequestration (4 of 6)

Topic	Select provisions
Nuclear power	▪ $700 million to DOE for **high-assay low-enriched uranium purposes (HALEU)**, with up to 3% of funds available for administration; funds will be available until 09/30/2026 – $500 million for acquiring and working with stakeholders related to the availability of HALEU – $100 million for the licensing and transportation of qualified nuclear fuel – $100 million for activities to support the availability of HALEU for civilian domestic research, development, demonstration, and commercial use
Low emissions electricity program	▪ $87 million to EPA for a **low emissions electricity program** for activities related to GHG emissions resulting from domestic electricity generation and use; 2% of funds are reserved for program administration – $17 million for consumer-related **education and partnerships** – $17 million for education, technical assistance, and partnerships within **low-income and disadvantaged communities** – $17 million for **industry-related** outreach, technical assistance, and partnerships – $17 million for outreach, technical assistance, and partnerships with **State, Tribal, and local governments** – $1 million for an **assessment of GHG emissions** reduction due to domestic electricity generation within one year of enactment – $18 million for emissions reduction activities stemming from the assessment

Funds are appropriated for FY22 and will be available until 09/30/2031 unless otherwise noted.
Source: P.L. 117-179

Clean electricity and emissions reduction or sequestration (5 of 6)

Topic	Select provisions (T Indicates a tax incentive)
Clean electricity generation T	▪ The **Sec. 45 production tax credit (PTC) for electricity produced from renewable sources** is extended by three years to eligible projects that begin construction before 01/01/2025. The PTC is expanded to solar facilities placed in service after 2021, and the phase down for wind is eliminated so that wind facilities placed in service after 2021 are eligible for the full credit. The PTC amount is increased retroactively for wind, solar, geothermal, and closed-loop biomass facilities placed in service during 2022. Numerous other enhancements and modifications are made. ▪ The **Sec. 48 investment tax credit (ITC) for energy property** is extended by one year to eligible property that begins construction before 01/01/2025 (or 01/01/2035 for geothermal heat pumps). The credit is expanded to include qualified energy storage technology, biogas property, and microgrid controllers. Several other enhancements and modification are made. ▪ The Sec. 45 and 48 credits begin to transition to new technology-neutral credits starting in 2025. A new **technology-neutral PTC (Sec. 45Y) and ITC (Sec. 48E)** are available for facilities placed in service after 2024 if the Sec. 45 and 48 credits are not otherwise allowable. An eligible facility must have a GHG emissions rate that is not greater than zero and meet other eligibility requirements. The Sec. 45Y and 48E credits will begin to phase out the second calendar year after: (1) 2032 or (2) the year in which annual GHG emissions from electricity production are equal to or less than 25% of the emissions produced in 2022 (whichever is later).

A detailed summary of the clean energy tax provisions from Deloitte Tax LLP can be found here.

Sources: Joint Committee on Taxation, August 9, 2022; P.L. 117-179

Clean electricity and emissions reduction or sequestration (6 of 6)

Topic	Select provisions (T Indicates a tax incentive)
Nuclear power PTC T	▪ Creates a new production tax credit (Sec. 45U) for **zero-emission electricity produced from existing nuclear power facilities** (other than advanced nuclear facilities) ▪ The credit is available for electricity produced and sold to an unrelated third party after 12/31/2023 through 2032. Qualified facilities must be placed in service before the date of enactment (08/16/2022).
Carbon sequestration T	▪ The **Sec. 45Q credit for carbon sequestration** is extended for seven years to facilities that begin construction before 01/01/2033. The size of the credit is increased, and eligibility is expanded by lowering the amount of carbon oxide a facility must capture to qualify. Several other modifications are made.
Methane emission fee *(This provision is also shown on slide 12.)*	▪ Imposes a new fee on methane emissions for oil and gas facilities that report more than 25,000 metric tons of carbon dioxide equivalent emissions per year ▪ The fee is generally $900 per ton of methane in 2024, increasing to $1,500 in 2026. ▪ Administered by the EPA

A detailed summary of the clean energy tax provisions from Deloitte Tax LLP can be found here.

Sources: Joint Committee on Taxation, August 9, 2022; P.L. 117-179

Manufacturing (1 of 2)

Topic	Select provisions
Advanced industrial facilities	▪ $5.8 billion to the DOE Office of Clean Energy Demonstrations (OCED) to provide **financial assistance** (e.g., grants, rebates, direct loans, cooperative agreements) on a competitive basis for **projects related to advanced industrial technologies**; funds will be available until 09/30/2026 – Eligible entities include the owner or operator of domestic, non-federal, nonpower industrial or manufacturing facilities engaged in energy-intensive industrial processes. – In awarding financial assistance, DOE must consider a project's estimated GHG emission reduction and the number of people within an area that would benefit from the project. – There is a 50% cost match requirement and up to $300 million of funds may be used for administration.
Advanced technology vehicle manufacturing	▪ $3 billion to DOE to add funding to an existing program that provides direct loans to advanced vehicle manufacturing, focusing on **reequipping, expanding, or establishing a US manufacturing facility that will produce or engineer low- or zero-emissions vehicles**; up to $25 million is available for program administration; funds will be available until 09/30/2028
Vehicle manufacturing	▪ $2 billion to DOE for the **domestic production** of efficient hybrid, plug-in electric hybrid, plug-in electric drive, and hydrogen fuel cell EVs, with a 50% recipient cost share requirement and up to 3% of funding reserved for program administration

Funds are appropriated for FY22 and will be available until 09/30/2031 unless otherwise noted.

Source: P.L. 117-179

Manufacturing (2 of 2)

Topic	Select provisions (T Indicates a tax incentive)
Defense Production Act (DPA)	▪ $500 million to the Department of Defense for carrying out the DPA, including activities to **accelerate domestic production of solar, transformers and electric grid components**, heat pumps, installation, and electrolyzers, fuel cells, and platinum group metals; funds will be available until 09/30/2024
Advanced energy projects T	▪ The **Sec. 48C credit** is reinstated by providing an additional $10 billion of credit allocations, including $4 billion that must be allocated to projects in census tracts, such as rural communities or communities where a coal mine has closed. Several modifications are made to the credit. ▪ Credits will be awarded on a competitive basis for eligible projects which: (1) establish, expand, or **re-equip manufacturing or industrial facilities** for the production or recycling of certain energy property or (2) re-equip such facilities with **equipment designed to reduce GHG emissions** by at least 20%.
Advanced manufacturing of clean energy components T	▪ Creates a **new Sec. 45X PTC for the production of components related to clean energy**, such as solar photovoltaic (PV) cells, thin film PV cells, solar modules, torque tubes, inverters, battery cells, and applicable critical minerals. The size of the credit **varies depending on the component** being produced and sold. ▪ The credit is available for components produced and sold after 12/31/2022. It generally starts to phase out after 2029 and sunsets after 2032 (except for critical minerals).

A detailed summary of the clean energy tax provisions from Deloitte Tax LLP can be found here.

Sources: Joint Committee on Taxation, August 9, 2022; P.L. 117-179

Housing, buildings, and construction material (1 of 6)

Topic	Select provisions
Rebate programs for home efficiency	▪ $4.5 billion to DOE for grants to State Energy Offices (SEOs) and Tribes to develop and implement a **high-efficiency electric home rebate program** that provides rebates to eligible entities for qualified electrification projects; $4.28 billion is available for States and $225 million is for Tribes, with up to 3% of funds available for program administration and technical assistance – Rebates vary based on the type of appliance purchased or project completed, type of dwelling, and benefits for low- or moderate-income households. – Eligible entities include low- or moderate-income households; an individual or entity that owns a multifamily building in which no less than half of the residents are low- or moderate-income households; and governmental, commercial, or nonprofit entities determined by DOE to be carrying out qualified electrification projects on behalf of an eligible individual or entity. – Funds will be available to SEOs in accordance with the allocation formula for the State Energy Program in effect on 01/01/2022. – No earlier than two years after enactment, remaining funds not distributed according to the formula must be redistributed to SEOs and Tribes operating a high-efficiency electric home rebate program. – To access the funding, SEOs and Tribes must submit an application with implementation plans. – SEOs and Tribes receiving these grants may not use more than 20% of the grant on planning, administration, or technical assistance.

Funds are appropriated for FY22 and will be available until 09/30/2031 unless otherwise noted.
Source: P.L. 117-179

Housing, buildings, and construction material (2 of 6)

Topic	Select provisions
Rebate programs for home efficiency	▪ $4.3 billion to DOE for grants to State Energy Offices (SEOs) to develop and implement a **Home Owner Managing Energy Savings (HOMES)** rebate program, intended to provide rebates to homeowners and aggregators for whole-house energy saving retrofits that begin on or after enactment (08/16/2022) and are completed by 09/30/2031; up to 3% of the funds are available for program administration and technical assistance – Rebates vary based on the type of dwelling (e.g., single-family, multifamily), energy savings, and benefits for low- or moderate-income households. – Funds will be made available to SEOs in accordance with the allocation formula for the State Energy Program in effect on 01/01/2022. – No earlier than two years after enactment, any remaining funds not distributed according to the formula must be redistributed to the SEOs operating a HOMES rebate program. – To access this funding, SEOs must submit an application with an implementation plan. – SEOs receiving may not use more than 20% of the grant on planning, administration, or technical assistance. ▪ $200 million to DOE for financial assistance to States to develop and implement a program providing **contractor education and training** related to installing home energy efficiency and electrification improvements, with up to 10% of funds available for administrative expenses associated with developing and implementing a State program

Funds are appropriated for FY22 and will be available until 09/30/2031 unless otherwise noted.
Source: P.L. 117-179

Housing, buildings, and construction material (3 of 6)

Topic	Select provisions
Affordable housing energy efficiency	▪ \$837.5 million to the Department of Housing and Urban Development (HUD) to provide up to \$4 billion in loans and grants to fund projects that support **energy and water efficiency**, increase sustainability, or address climate resilience in affordable housing; funds will be available until 09/30/2028 – Eligible recipients include owners or sponsors of public housing agencies which provide low-income, disabled, and elderly populations with subsidized housing. – Grantees must agree to an extended period of affordability for the property. ▪ \$60 million to HUD for information technology, research and evaluation, and administration and implementation oversight of funding for **climate resiliency and energy efficiency affordable housing projects**; funds will be available until 09/30/2030 ▪ \$60 million to HUD for expenses of **contracts or cooperative agreements** administered by HUD; funds will be available until 09/30/2029 ▪ \$42.5 million to HUD to conduct **energy and water benchmarking data collection**, analyze and evaluate data collected, and develop information technology systems for public housing agencies which provide low-income, disabled, and elderly populations with **subsidized housing**; funds will be available until 09/30/2028
FEMA building materials	▪ Allows Federal Emergency Management Agency (FEMA) to provide **financial assistance** until 09/30/2026 for costs associated with **low-carbon materials** and incentives that encourage **low-carbon and net-zero energy projects**

Funds are appropriated for FY22 and will be available until 09/30/2031 unless otherwise noted.
Source: P.L. 117-179

Housing, buildings, and construction material (4 of 6)

Topic	Select provisions
Building codes	▪ $1 billion to DOE to **adopt latest and zero energy building codes** in new and renovated residential and commercial buildings; funds will be available until 09/30/2029 – $330 million for grants to assist State and local governments to adopt building energy codes for residential buildings that meet or exceed the standards of various energy codes and implement a plan to achieve compliance – $670 million for grants to assist States and local governments to adopt building codes that meet or exceed zero energy provisions and implement a plan to achieve compliance – State cost share requirements do not apply to these funds. – Up to 5% of the funds are reserved for administration.
Federal buildings	▪ $3.38 billion to the **General Service Administration (GSA) Federal Buildings Fund** – $250 million for the conversion of GSA's facilities to high-performance green buildings – $2.15 billion for acquiring and installing low-carbon materials and products in the construction or alteration of GSA buildings; funds will be available until 09/30/2026 – $975 million for emerging, sustainable technologies and related sustainability and environmental programs; funds will be available until 09/30/2026

Funds are appropriated for FY22 and will be available until 09/30/2031 unless otherwise noted.
Source: P.L. 117-179

Housing, buildings, and construction material (5 of 6)

Topic	Select provisions (T Indicates a tax incentive)
Highway construction materials	▪ $2 billion to DOT FHWA for grants to eligible entities to reimburse or provide incentives to use **specific low-embodied carbon construction materials** and products in transportation projects; funds will be available until 09/30/2026 – The amount reimbursed will be the incrementally-higher cost compared to traditional materials and the incentive will be 2% of the cost associated with using low-carbon materials, with a federal cost share up to 100%. – Eligible projects are a federal-aid highway, Tribal transportation facility, or federal lands or federal lands access transportation facility, excluding projects that result in additional single occupant passenger vehicle travel lanes. – Eligible entities include a State, unit of local government, political subdivision of a State, US territory, metropolitan planning organization, and special purpose district or transportation public authority.
New energy efficient homes T	▪ Extends the **Sec. 45L credit through 12/31/2032** and increases the credit amount to $2,500 for new homes (or $500 per unit for multifamily dwellings) that meet certain energy efficiency standards and $5,000 for new homes (or $1,000 per unit for multifamily dwellings) that are certified as zero-energy ready homes.
Residential energy efficiency T	▪ Extends the **Sec. 25D credit for residential energy efficient property** through 2034. ▪ Modifications are made to the credit's phase out and to the definition of qualified battery storage expenditures, among other changes.

A detailed summary of the clean energy tax provisions from Deloitte Tax LLP can be found here.

Sources: Joint Committee on Taxation, August 9, 2022; P.L. 117-179

Housing, buildings, and construction material (6 of 6)

Topic	Select provisions (T Indicates a tax incentive)
Nonbusiness energy property T	▪ Extends, expands, and modifies the **Sec. 25C nonbusiness energy property credit for energy efficient property and improvements**, such as heat pumps, water heaters, central air conditioners, and oil furnaces. ▪ The credit is increased from 10% to 30% and the lifetime cap is replaced with an annual credit limit of $1,200 or $2,000 for heat pumps and biomass stoves. ▪ The credit is effective for property placed in service after 12/31/2022 and sunsets on 12/31/2032.
Deduction for efficient commercial buildings T	▪ Extends and expands the **Sec. 179D deduction for efficient commercial buildings** starting in taxable years after 12/31/2022 ▪ The amount of the deduction is increased and the amount by which a building must increase its efficiency to qualify for the deduction is reduced, among other changes.

A detailed summary of the clean energy tax provisions from Deloitte Tax LLP can be found here.

Sources: Joint Committee on Taxation, August 9, 2022; P.L. 117-179

Clean fuels and vehicles (1 of 5)

Topic	Select provisions
Sustainable Aviation Fuel (SAF) and Low-Emission Aviation Technology Program	▪ $297 million to DOT to establish a competitive grant program for eligible entities to carry out domestic **projects related to SAF and low-emission aviation technologies;** funds will be available until 09/30/2026 – $244.53 million for production, transportation, blending, or storage of SAF – $46.53 million for low-emission aviation technologies – $5.94 million for administration and oversight – Federal cost share of 75% of total proposed cost, increasing to 90% for small hub or non-hub airports – In awarding grants, DOT must consider several applicant factors: (1) capacity to increase domestic production and deployment of SAF or the use of low-emission aviation technologies in the commercial aviation and aerospace industry; (2) projected GHG emissions and potential to reduce or displace future air travel-related GHG emissions; (3) job creation and supply chain partnership capacity; (4) projected lifecycle GHG emissions benefits; and (5) benefits of ensuring a diversity of feedstocks for SAF. – Eligible entities include a State or local government (including the District of Columbia), other than an airport sponsor; air carrier; airport sponsor; accredited higher education institution; research institution; person or entity engaged in the domestic production, transportation, blending, or storage of SAF or US feedstocks that could be used to produce SAF; person or entity engaged in the development, demonstration, or application of low-emission aviation technologies; and nonprofit entities or consortia with experience in SAF, low-emission aviation technologies, or other clean transportation research programs. – DOT must adopt at least one methodology for testing lifecycle GHG emissions within two years of law.

Funds are appropriated for FY22 and will be available until 09/30/2031 unless otherwise noted.
Source: P.L. 117-179

Clean fuels and vehicles (2 of 5)

Topic	Select provisions
Clean heavy-duty vehicles	▪ $1 billion to EPA to establish a grant and rebate program for States, local governments, Tribes, and nonprofit school transportation associations to **replace Class 6 and Class 7 heavy-duty vehicles with zero-emission vehicles;** 3% of the funds are available for program administration – $400 million is directed to States, municipalities, Tribes, and nonprofit school transportation associations proposing to replace eligible heavy-duty vehicles serving communities located in nonattainment areas of high pollution. – Eligible projects include replacing eligible non-zero emission vehicles with zero emissions vehicles; purchasing, installing, operating, and maintaining the infrastructure needed to charge, fuel, or maintain zero-emission vehicles; pursuing workforce development and training to support the maintenance, charging, fueling, and operation of the zero-emission vehicles; or plan and provide technical assistance to support of zero-emission vehicle adoption and deployment.
Transportation fuels	▪ $15 million to EPA for grants to carry out **activities related to the Clean Air Act** – $5 million for grants to States to adopt and implement **GHG and zero-emission standards for mobile sources** – $10 million for new grants to industry to support **investments in advanced biofuels**
US Postal Service (USPS) clean fleets	▪ $3 billion to USPS – $1.29 billion to **purchase zero-emission delivery vehicles** – $1.71 billion to purchase, design, and **install infrastructure to support zero-emission delivery vehicles** at USPS facilities

Funds are appropriated for FY22 and will be available until 09/30/2031 unless otherwise noted.
Source: P.L. 117-179

Clean fuels and vehicles (3 of 5)

Topic	Select provisions (T Indicates a tax incentive)
Renewable fuels T	▪ The credits for **biodiesel, renewable diesel, alternative fuels, and alternative fuel mixtures** are extended for fuel sold after 12/31/2021 through 12/31/2024. The alternative fuel credit will no longer be available for liquified hydrogen sold or used after 2022. ▪ The credit for **second-generation biofuels** is extended through 2025 for biofuel produced after 12/31/2021.
Sustainable aviation fuel (SAF) T	▪ Creates a new Sec. 40B credit for the **sale or use of a qualified mixture of SAF** and kerosene in the US in 2023 and 2024. To qualify for the credit, the SAF must reduce lifecycle GHG emissions by at least 50% and meet other eligibility requirements. Taxpayers will be allowed to claim either a general business credit under Sec. 40B or the excise tax credit under Sec. 6426.
Clean hydrogen T	▪ Creates a new Sec. 45V production **credit for clean hydrogen produced from renewable electricity and natural gas** as long as certain lifecycle emission and other requirements are met; taxpayers can elect to claim an investment tax credit instead of the production tax credit. ▪ The credit applies to facilities placed in service after 12/31/2022 for which construction begins before 2033.
Clean Fuel Production Credit T	▪ Beginning in 2025, the incentives for clean fuel, including SAF, will generally be replaced with a **new Sec. 45Z clean fuel production credit** that is **based on the life-cycle emission of the fuel**. The credit applies to qualified fuels produced and sold after 12/31/2024 through 12/31/2027.

A detailed summary of the clean energy tax provisions from Deloitte Tax LLP can be found here.

Sources: Joint Committee on Taxation, August 9, 2022; P.L. 117-179

Clean fuels and vehicles (4 of 5)

Topic	Select provisions
Alternative fuel refueling property T	▪ The **Sec. 30C credit** is extended through 2032 and the maximum credit is increased from $30,000 to $100,000 with respect to any single item of qualified property. ▪ To qualify for the credit, eligible property must be placed in service in an eligible census tract, such as a rural community or a low-income census tract under section 45D(e).
New clean vehicles T	▪ The **existing Sec. 30D credit for new electric vehicles (EVs)** will be **replaced with a new Clean Vehicle Credit** for vehicles placed in service after 2022 through 2032. Unlike the existing credit, the new credit does not phase out once a manufacturer has sold a certain number of vehicles. The credit will be available for EVs and hydrogen fuel cell vehicles. The credit has two parts (for a maximum credit of $7,500 if both requirements are met). The credit is: – $3,750 if a certain percentage of the critical minerals in the battery are sourced from the US or a country that has a free trade agreement with the US or if they are recycled in North America. – $3,750 if a certain percentage of the value of the components in the battery are manufactured or assembled in North America. ▪ Eligibility is based on the consumer's modified adjusted gross income (MAGI) and the vehicle's price. The credit is not available if: – The taxpayer's MAGI exceeds $150,000 (single) or $300,000 (joint) – The manufacturer's suggested retail price exceeds $55,000 for cars or $80,000 for SUVs, vans, and pickup trucks

T Indicates a tax incentive

A detailed summary of the clean energy tax provisions from Deloitte Tax LLP can be found here.

Sources: Joint Committee on Taxation, August 9, 2022; P.L. 117-179

Clean fuels and vehicles (5 of 5)

Topic	Select provisions (T Indicates a tax incentive)
Used clean vehicles T	▪ Creates a new **Sec. 25E credit for previously-owned clean vehicles** purchased after 2022 through 2032. ▪ The credit equals the lesser of $4,000 or 30% of the sales price. The vehicle must be at least two years old, and the sales price cannot exceed $25,000. ▪ Eligibility is limited to taxpayers with MAGI at or below $75,000 (single) and $150,000 (joint).
Commercial clean vehicles T	▪ Creates a **new Sec. 45W credit** of up to $40,000 (or $7,500 if the gross vehicle weight rating is less than 14,000 pounds) for the **purchase of qualified clean commercial** vehicles purchased after 12/31/2022 through 2032. ▪ The credit is generally equal to the lesser of: (1) 15% of the basis of the vehicle (30% in the case of a vehicle not powered by a gasoline or diesel internal combustion engine) or (2) the incremental cost of the vehicle equal to the excess of the purchase price over a “comparable vehicle.” A comparable vehicle is one powered solely by a gasoline or diesel internal combustion engine that is comparable in size and use.

A detailed summary of the clean energy tax provisions from Deloitte Tax LLP can be found here.

Sources: Joint Committee on Taxation, August 9, 2022; P.L. 117-179

Climate justice and select communities (1 of 4)

Topic	Select provisions
Neighborhood access and equity grant program	▪ $3.2 billion to DOT FHWA to establish a **Neighborhood Access and Equity Grant Program** to improve walkability, safety, and affordable transportation projects; mitigate or remediate negative impacts in disadvantaged or underserved communities; and for activities related to planning and capacity building in disadvantaged or underserved communities – $1.89 billion for awarding grants – $1.26 billion for projects in economically-disadvantaged communities – $50 million for technical assistance to local governments, subgrants to local governments, and FHWA program administration – Eligible entities include a State, local government, political subdivision of a State, US territory, special purpose district or public authority with a transportation function, metropolitan planning organization, or a nonprofit organization or institution of higher education partnering with any eligible entity. – Eligible facilities are surface transportation facilities 1) for which high speeds, grade separation or other design factors create an obstacle to community connectivity or 2) which is a source of air pollution, noise, stormwater, or other burdens to a disadvantaged or underserved community. – The federal cost share is up to 100% for projects in disadvantaged or underserved communities and up to 80% for all other projects. – Funds will be available until 09/30/2026.

Additional provisions throughout the law are related to climate justice and equity. Funds are appropriated for FY22 and will be available until 09/30/2031 unless otherwise noted.
Source: P.L. 117-179

Climate justice and select communities (2 of 4)

Topic	Select provisions
Climate justice	▪ $3 billion to EPA to establish an **environmental and climate justice block grant program**, including $2.8 billion for awarding grants, with 7% of the funds reserved for program administration; $200 million for technical assistance related to the program – Eligible entities include partnerships between a Tribe, a local government, or an institute of higher education and a community-based nonprofit organization; community-based nonprofit organization; or a partnership of community-based nonprofit organizations. – Eligible activities include community-led projects to reduce GHG emissions; mitigating climate and health risks from urban heat islands, extreme heat, wood heater emissions, and wildfire events; climate resiliency and adaptation; reducing indoor toxins and indoor air pollution; or facilitating engagement of disadvantaged communities in State and federal public processes. – Funds will be available until 09/30/2026.
Tribal, Native Hawaiian, and US territories programs	▪ $220 million to DOI Bureau of Indian Affairs for **Tribal climate resilience and adaptation programs**, not subject to any cost-sharing or match requirements ▪ $145.5 million to DOI Bureau of Indian Affairs for **Tribal electrification programs**, including the provision of electricity to unelectrified Tribal homes through zero-emissions energy systems; transitioning electrified Tribal homes to zero-emission energy systems; associated home repairs and retrofitting necessary to install zero-emissions energy systems; not subject to any cost-sharing or match requirements ▪ An additional $4.5 million for **administrative costs**

Additional provisions throughout the law are related to climate justice and equity. Funds are appropriated for FY22 and will be available until 09/30/2031 unless otherwise noted.
Source: P.L. 117-179

Climate justice and select communities (3 of 4)

Topic	Select provisions

Tribal, Native Hawaiian, and US territories programs	▪ $23.5 million to DOI Office of Native Hawaiian Relations to execute **climate resilience and adaptation activities** that serve the native Hawaiian community through financial assistance, technical assistance, direct expenditure, grants, contracts, or cooperative agreements, not subject to any cost-sharing or match requirements
	    ▪ An additional $1.5 million for **administrative costs**
	▪ $12.5 million to DOI Bureau of Reclamation for **near-term drought relief actions for Tribes** that are impacted by the operation of a Bureau of Reclamation water project, without any cost-sharing or match requirements; funds will be available until 09/30/2026
	    ▪ Eligible projects provide direct financial assistance to address drinking water shortages and mitigate the loss of Tribal trust resources.
	▪ $15 million to DOI Office of Insular Affairs to provide **technical assistance for climate change planning**, mitigation, adaptation, and resilience to US insular areas; an additional $900,000 available for administrative costs; funds will be available until 09/30/2026
	▪ $10 million to DOI Bureau of Indian Affairs for **fish hatchery operations and maintenance programs**; funding not subject to cost-sharing or match requirements
	▪ $5 million to DOI Bureau of Indian Affairs for **administrative costs**, with no cost-sharing or match requirements

Additional provisions throughout the law are related to climate justice and equity. Funds are appropriated for FY22 and will be available until 09/30/2031 unless otherwise noted.
Source: P.L. 117-179

Climate justice and select communities (4 of 4)

Topic	Select provisions
Drought resiliency	▪ $4 billion to DOI for grants, contracts, or **financial assistance for drought mitigation activities**; funds are available until 09/30/2026 – Eligible activities include compensation for a temporary or multiyear voluntary reduction in diversion of water or consumptive water use; voluntary system conservation projects that achieve verifiable reductions in use of or demand for water supplies; and ecosystem and habitat restoration projects to address issues caused by drought. – Priority is given to the Colorado River Basin and other basins experiencing comparable levels of long-term drought. – Eligible States include Arizona, California, Colorado, Idaho, Kansas, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Texas, Utah, Washington, and Wyoming; eligible territories include American Samoa, Guam, Northern Mariana Islands, and the Virgin Islands. – Requires DOI to submit a report to Congress that describes expenditures in this section within one year of enactment
Water projects and canal improvements	▪ $575 million to DOI – $550 million for grants, contracts, or financial assistance agreements for disadvantaged communities for up to 100% of the cost of planning, design, or construction of eligible **domestic water supply projects** – $25 million for the design, study, and implementation other solar projects that increase water efficiency and assist in implementation of clean energy goals

Additional provisions throughout the law are related to climate justice and equity. Funds are appropriated for FY22 and will be available until 09/30/2031 unless otherwise noted.
Source: P.L. 117-179

Conservation and wildlife (1 of 3)

Topic	Select provisions
Forest conservation	▪ $2.2 billion to USDA for **forest conservation activities** – $1.5 billion for the Urban and Community Forestry Assistance program to provide multiyear grants to State agencies, local governments, Tribal governments, or nonprofits for **tree planting** – $700 million for the Forest Legacy Program to provide competitive grants to States to **acquire land** and interests in land ▪ $2.05 billion to USDA for **wildfire resiliency, vegetation management, and the protection of old-growth forests** in the National Forest System – $1.8 billion for hazardous fuels reduction projects (e.g., wildfire prevention) on US Forest Service (USFS) land within the wildland-urban interface – $200 million for vegetation management projects on USFS land in accordance with a water source management plan or a watershed production and restoration action plan – $50 million to complete an inventory of old-growth and mature forests within USFS land and for protection of those forests – Prohibits the use of National Forest System Restoration and Fuels Reduction Project funds for projects in wilderness areas that include construction of permanent roads or trails, that are inconsistent with land management plans, or are carried out on forested lands not under the USFS system – Includes a cost-sharing waiver made available at the discretion of USDA

Funds are appropriated for FY22 and will be available until 09/30/2031 unless otherwise noted.
Source: P.L. 117-179

Conservation and wildlife (2 of 3)

Topic	Select provisions
Conservation of public lands and national forests	▪ $1.2 billion to DOI for conservation programs and activities administered by the National Park Service (NPS) and Bureau of Land Management – $250 million for land **conservation, ecosystem, and habitat restoration projects**, without cost-share or match requirements – $250 million for **conservation, protection, and resiliency projects**, without any cost-share or match requirements – $500 million to **hire employees** to serve at NPS or at national historic/scenic trails administered by the NPS; funds are available until 09/30/2030 – $200 million for **priority deferred maintenance projects** within the NPS; funds are available until 09/30/2026
Wildlife	▪ $125 million to DOI Fish and Wildlife Service to **develop and implement recovery plans** under the Endangered Species Act; funds will be available until they are spent ▪ $121.25 million to DOI Fish and Wildlife Service to make direct expenditures, award grants, and enter into contracts and cooperative agreements to rebuild and restore the **National Wildlife Refuge System and State wildlife management areas** by addressing weather events or the threat of invasive species; funds are available until 09/30/2026 – An additional $3.75 million for administrative costs

Funds are appropriated for FY22 and will be available until 09/30/2031 unless otherwise noted.

Source: P.L. 117-179

Conservation and wildlife (3 of 3)

Topic	Select provisions
Coastal communities	▪ $2.6 billion to Department of Commerce NOAA for **coastal conservation, restoration, and climate resiliency projects**, including administrative costs; funds are available until 09/30/2026 – Funding may be provided directly or through contracts, grants, cooperative agreements, or technical assistance. – Eligible recipients include coastal States, the District of Columbia, Tribal governments, nonprofit organizations, local governments, and institutions of higher education.

Funds are appropriated for FY22 and will be available until 09/30/2031 unless otherwise noted.
Source: P.L. 117-179

Oversight, upgrades, and other agency funding (1 of 5)

Topic	Select provisions
IRS *(This provision is also shown on slide 16.)*	▪ $500 million to IRS for FY22 to **carry out the tax provisions**
Treasury	▪ $104.53 million to the **Office of Tax Policy** for regulations
NOAA	▪ $690 million to Department of Commerce NOAA available until 09/30/2026 – $150 million for **weather and climate forecasting research and analysis,** including administrative costs – $190 million to procure **high-performance computing and data processing, data management, and storage assets,** including administrative costs – $100 million to acquire **hurricane hunter aircraft** – $50 million for the **construction of facilities** to support the National Marine Sanctuary System – $150 million to construct new facilities and to **repair** existing facilities, piers, marine operations facilities, and fisheries laboratories – $50 million for a competitive grant program that funds **climate research related to weather, ocean, coastal, and atmospheric processes and conditions** and their impact on marine species and coastal habitats, including administrative costs

Funds are appropriated for FY22 and will be available until 09/30/2031 unless otherwise noted.

Source: P.L. 117-179

Oversight, upgrades, and other agency funding (2 of 5)

Topic	Select provisions
DOE facilities improvements and infrastructure	▪ $1.55 billion to the **Office of Science** available until 09/30/2027 – $133 million for science laboratory infrastructure projects – $304 million for high energy physics construction – $280 million for fusion energy science construction and equipment – $217 million for nuclear physics construction – $164 million for advanced scientific computing research facilities – $295 million for basic energy sciences projects – $158 million for isotope research and development facilities ▪ $450 million ($150 million each) to the **Office of Fossil Energy and Carbon Management, Office of Nuclear Energy,** and **Office of Energy Efficiency and Renewable Energy** for infrastructure and general plant projects; funds will be available until 09/30/2027
Data collection	▪ $23.5 million to DOI for the US Geological Survey to produce, collect, disseminate, and use **3D elevation data** ▪ $32.5 million to the White House Council on Environmental Quality to support **environmental and climate-related data collection**, provide academic and workforce **support for analytics**, and make mapping or screening tools available for public use; funds will be available until 09/30/2026
DHS sustainability programs	▪ $500 million for the Department of Homeland Security (DHS) Office of the Chief Readiness Support Officer to carry out **sustainability and environmental programs;** funds are available until 09/30/2028

Funds are appropriated for FY22 and will be available until 09/30/2031 unless otherwise noted.
Source: P.L. 117-179

Oversight, upgrades, and other agency funding (3 of 5)

Topic	Select provisions
Oversight	▪ $403 million to Treasury for the **Inspector General for Tax Administration** ▪ $50 million to **Treasury** for oversight and implementation ▪ $20 million to the **DOE Office of Inspector General** ▪ $10 million to **DOI** ▪ $15 million to the **US Postal Service** ▪ $25 million to the **General Accountability Office**; oversight activities include determining whether the economic, social, and environmental impacts of the funds are equitable ▪ $25 million to the **Office of Management and Budget** for oversight activities; funds are available until 09/30/2026 and may also be used to track labor, equity, and environmental standards and performances
Environmental reviews, authorizations, and energy permitting	▪ $115 million to **DOE** ▪ $350 million for FY23 to the **Federal Permitting Improvement Steering Council Environmental Review Improvement Fund** ▪ $100 million to **Federal Energy Regulatory Commission** ▪ $150 million to **DOI** for activities related to facilitating environmental reviews and authorizations by the National Park Service, Bureau of Land Management, Bureau of Ocean Energy Management, Bureau of Reclamation, Bureau of Safety and Environmental Enforcement, and Office of Surface Mining Reclamation and Enforcement ▪ $100 million to conduct environmental reviews of the **US Forest Service** National Environmental Policy Act appropriated obligations

Funds are appropriated for FY22 and will be available until 09/30/2031 unless otherwise noted.
Source: P.L. 117-179

Oversight, upgrades, and other agency funding (4 of 5)

Topic	Select provisions
Environmental review, authorizations, and energy permitting	▪ $100 million to **DOT FHWA** to facilitate the development and review of documents for the environmental review processes for proposed surface transportation projects (e.g., through technical assistance or capacity building) for eligible entities; funds are available until 09/30/2026 – Eligible entities include a State, unit of local government, political subdivision of a State, US territory, and metropolitan planning organization. – Eligible entities have the option to use other federal, State, or local grant funding to cover the 20% non-federal cost share. ▪ $20 million to **Department of Commerce NOAA** to conduct more efficient, accurate, and timely reviews and to improve agency transparency, accountability, and public engagement; funds are available until 09/30/2026 ▪ $40 million to **EPA** for hiring and training, programmatic document creation, procurement of technical services for reviews, stakeholder engagement, environmental analysis equipment, information systems development, and other tools to facilitate timely and accurate reviews for permitting and approval processes; funds are available until 09/30/2026 ▪ $30 million to **White House Council on Environmental Quality** for environmental reviews and to train personnel, develop programmatic environmental documents, and develop tools, guidance, and techniques to improve stakeholder and community engagement; funds are available until 09/30/2026

Funds are appropriated for FY22 and will be available until 09/30/2031 unless otherwise noted.
Source: P.L. 117-179

Oversight, upgrades, and other agency funding (5 of 5)

Topic	Select provisions
Data standardization and transparency	▪ \$355 million to EPA for corporate reporting, an Environmental Product Declaration Assistance program, and a carbon labeling program – \$5 million to support standardization and transparency of **corporate climate action commitment planning** and implementation progress – \$250 million to create and implement a program to support the development, standardization, and reporting criteria for **environmental product declarations** by providing grants and technical assistance to businesses that manufacture construction materials, States, Tribes, and non-profit organizations, with 5% of funds reserved for program administration – \$100 million for administrative costs and to carry out a new program to **identify and label construction materials** and products that have lower levels of embodied GHG emissions, in consultation with DOT FHWA and the General Services Administration; funds are available until 09/30/2026
EPA enforcement technology	▪ \$25 million to EPA – \$18 million to update the **Integrated Compliance Information System (ICIS)**, information technology infrastructure, and software tools to promote compliance – \$3 million for grants to States, Tribes, and air pollution control agencies to **update systems to communicate** with the ICIS – \$4 million for **inspection software acquisition**, software updates, or device acquisition by EPA, States, Tribes, and air pollution control agencies

Funds are appropriated for FY22 and will be available until 09/30/2031 unless otherwise noted.
Source: P.L. 117-179

Energy development

Energy development (1 of 2)

Renewable energy development

- Allows DOI to issue **renewable energy leases, easements, and rights of way in federal waters** off the coasts of Florida, Georgia, North Carolina, and South Carolina and in the eastern Gulf of Mexico
- Revises the Outer Continental Shelf (OCS) Lands Act to **allow for offshore wind and oil and gas leasing in the waters adjacent to US territories** under certain circumstances subject to feasibility, sufficiency of interest, and consultation with the Governor of the territory regarding suitability

Oil and gas leases

- Requires DOI to **reinstate four offshore oil and gas lease sales** for the Gulf of Mexico and the Alaska Region's Cook Inlet (Lease Sales 257, 258, 259, and 261)
- Prohibits **offshore wind development** in the OCS over the next 10 years unless both:
  - An offshore oil and gas lease sale has been held in the year prior to the issuance of the offshore wind lease
  - At least 60 million acres on the OCS have been offered for oil and gas leasing during that period
- Prohibits the development of **wind and solar energy projects** on federal land over the next 10 years unless both:
  - An onshore oil and gas lease sale has been held in the 120 days prior to the issuance of the proposed wind or solar right of way
  - At least 2 million acres of federal lands have been offered for oil and gas leases in the year before the proposed wind or solar right of way is issued (or 50% of the acreage for which potential bidders have expressed interest, whichever is less)

Source: P.L. 117-179

Energy development (2 of 2)

Royalty rates

- Amends the **offshore oil and gas royalty rate** from 12.5% to a minimum of 16.66% (with a maximum of 18.75%) for the next 10 years
- Amends the **onshore oil and gas royalty rate** from 12.5% to 16.66%; alters the rate at which payment of back royalties are conducted for the reinstatement of a lease from 16.66% to 20%
- Raises the oil, gas, and tar sands leasing **minimum bid** from $2/acre to $10/acre for the next 10 years
- Alters the **fossil fuel rental rate** from $1.50 per acre to $3/acre/year during the two-year period beginning on the date a lease begins, $5/acre/year for the next six-year period, and no less than $15/acre/year thereafter; in case of a reinstatement, alters the rate at which payment of back royalties are conducted from $10/acre/year to $20/acre/year
- Implements a $5/acre fee for expressions of interest in **leasing land for oil and gas exploration and development**; the fee must be adjusted for inflation not less frequently than every four years
- Authorizes DOI to hold a new round of **competitive bidding** for leasing of any land for which no bid is accepted or received or for which a lease has terminated or otherwise ended; terms of that lease shall be for a primary term of ten years and continued for any period after during which oil or gas is produced
- Applies royalties on all gas produced from leases issued after the legislation's enactment that are on federal land or the Outer Continental Shelf, **including gas consumed or lost by venting, flaring, or negligent releases**, with select exceptions

Source: P.L. 117-179