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Client Alert: One Big Thing; Largest Climate Investment in U.S. History

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Climate Investment in U.S. History

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Ryan P. Walker

MEDIA CONTACT

Wendy M. Byrne
wbyrne@shumaker.com

The [Inflation Reduction Act of 2022](#) (IRA) passed in both the House and the Senate on party line votes and now heads to President Biden's desk for his signature.

The legislation makes **\$370 billion** available to help with the energy transition and, [according to the Bipartisan Policy Center](#), will reduce greenhouse gas (GHG) emissions 31 percent to 44 percent below 2005 levels by 2030.

This bill, passed by utilizing [budget reconciliation](#) procedures, will address several key issues including: 1. Energy costs for Americans; 2. U.S. energy security; 3. Investing in the decarbonization of all sectors; 4. Driving investments into underprivileged communities; 5. Investing in farmers and forestland owners efforts to help advance climate solutions.

Key provisions in the bill that address these issues are outlined below:

- Production tax credits to accelerate U.S. manufacturing of solar panels, wind turbines, batteries, and critical minerals processing. These investments are estimated at \$30 billion;
- Tax credits for clean sources of electricity and energy storage and roughly \$30 billion in targeted grant and loan programs for states and electric utilities to accelerate the transition to clean electricity;
- Tax credits and grants for clean fuels and clean commercial vehicles to reduce emissions from all parts of the transportation sector;
- Grants and tax credits to reduce emissions from industrial manufacturing processes, including almost \$6 billion for a new Advanced Industrial Facilities Deployment Program to reduce emissions from facilities like chemical, steel, and cement plants;
- \$27 billion clean energy technology accelerator to support deployment of technologies to reduce emissions, especially in disadvantaged communities; A Methane Emissions Reduction Program to reduce the leaks from the production and distribution of natural gas;
- Grants to Reduce Air Pollution at Ports, funded at \$3 billion, to support the purchase and installation of zero-emission equipment and technology at ports;
- \$1 billion for clean heavy-duty vehicles, like school and transit buses and garbage trucks;

- \$20 billion to support climate-smart agriculture practices;
- Tax credits and grants to support the domestic production of biofuels and to build the infrastructure needed for sustainable aviation fuel and other biofuels; and
- \$2.6 billion in grants to conserve and restore coastal habitats and protect communities that depend on those habitats.

In addition to the climate and energy provisions, the \$700 billion IRA:

- Will raise \$739 billion in revenue over the next 10 years through new provisions like a 15 percent minimum corporate tax rate and a one percent tax on corporate stock buybacks;
- Includes \$64 billion in health insurance premium support for about 13 million Americans who buy coverage through state and federal exchanges under the Affordable Care Act; and
- Caps out-of-pocket costs at \$2,000 annually for seniors enrolled in Medicare, allows the U.S. government to negotiate the price of a small set of medicines beginning in 2026, and caps Medicare enrollees insulin costs at \$35 per month.

REMEMBER—The Shumaker Advisors D.C. team can help your organization navigate and engage the legislative and regulatory processes to achieve your business objectives by leveraging our knowledge and experience. The IRA includes many more programs, funding streams, and tax provisions. Contact Ryan Walker or Hagir Elawad for questions or to learn more.