

A blue-tinted photograph of a wind farm in a grassy field with hills in the background. Two large wind turbines are prominent in the mid-ground. The sky is clear and blue. The overall mood is serene and clean.

INFLATION REDUCTION ACT

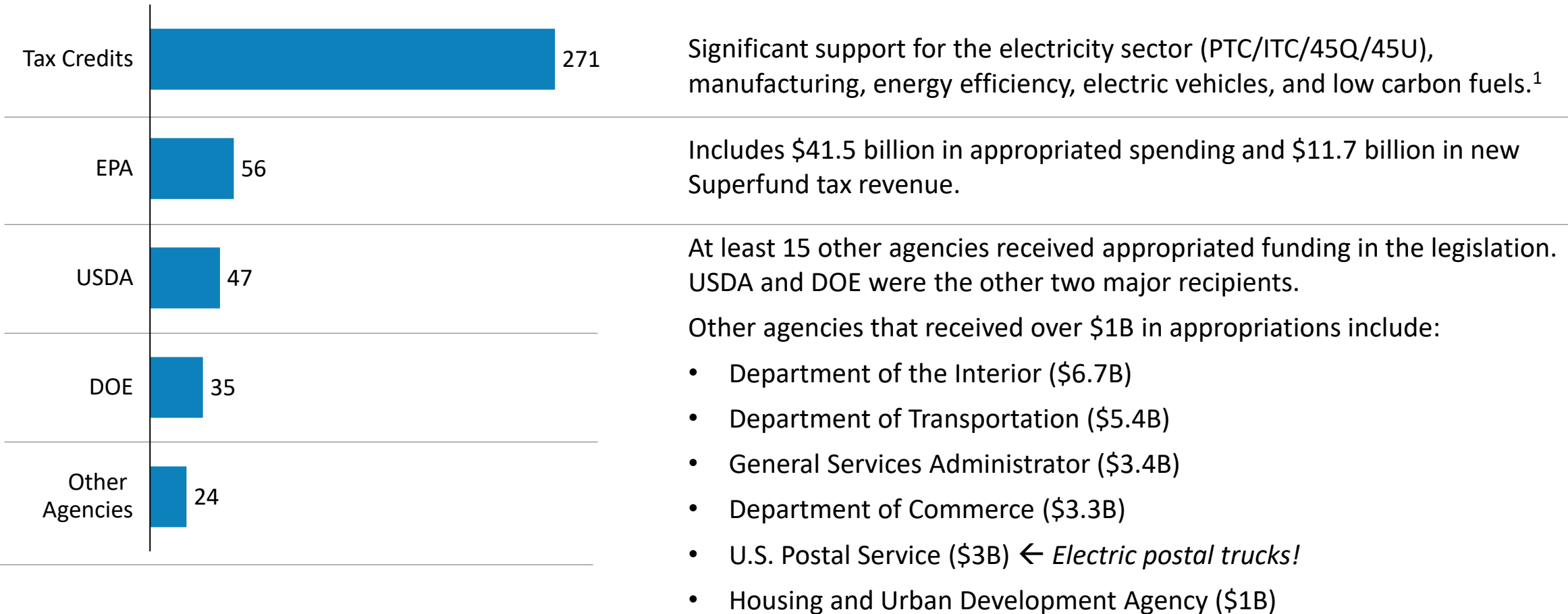
OCTOBER 2022

OVERVIEW

- **The Inflation Reduction Act (IRA) makes historic investments in climate action** that are expected to reduce U.S. emissions ~40% by 2030 while supporting disadvantaged communities and the clean energy industrial base.
- **IRA investments will drive significant emissions reductions** over the next decade while also laying the groundwork for long-term decarbonization in hard-to-abate sectors.
- **EPA will play a major role in delivering these programs.** The Agency received \$41.5 billion in appropriated funds and expects to receive an additional \$11.7 billion in future revenue from reinstating the Superfund Tax on oil and gas production.

BREAKDOWN OF CLIMATE & ENERGY FUNDING

Total Climate and Energy Funding (\$, billions)



1. Preliminary Joint Committee on Taxation analysis. Further CBO projections pending.
 Source: Senate Democrats, Joint Committee on Taxation, CBO

EPA PROGRAMS

EPA received \$41.5 billion in appropriations to support 24 new and existing programs. This makes EPA the second largest recipient of discretionary funding after USDA.

Six new EPA programs account for 98% of this total funding:

- **Greenhouse Gas Reduction Fund (\$27 billion)** – Provide capital to greenhouse gas mitigation projects not currently able to access private capital, particularly in low-income and disadvantaged communities.
- **Climate Pollution Reduction Grants (\$5 billion)** – Provide grants at the state, local, and Tribal level to develop plans to reduce greenhouse gas emissions and implement those plans. At least one grant will go to an eligible entity in every state.
- **Environmental and Climate Justice Block Grants (\$3 billion)** – Fund community-based nonprofit organizations to support a wide range of climate and environmental justice activities.
- **Grants to Reduce Air Pollution at Ports (\$3 billion)** – Award rebates and grants for ports to purchase and install zero-emission technology and develop climate action plans.
- **Methane Emissions Reduction Program (\$1.55 billion)** – Fund grants and technical assistance to accelerate emissions reduction from petroleum and natural gas systems. Also establish a methane waste emissions charge starting at \$900 per ton in 2024 and increasing to \$1,500 per ton by 2026.
- **Clean Heavy-Duty Vehicles (\$1 billion)** – Provide grants, rebates, and contract support to replace heavy duty vehicles with zero emission alternatives. \$400 million is specifically for nonattainment areas.

ADDITIONAL PROGRAMS TOTAL \$906 MILLION

National Program Office and Program	Funding (\$)
Office of Air (OAR)	491,000,000
Funding to Address Air Pollution - Fenceline Air Monitoring & Screening Air Monitoring	235,500,000
Low Emissions Electricity Program	87,000,000
Diesel Emissions Reductions	60,000,000
Funding to Address Air Pollution at Schools	50,000,000
Funding for Implementation of the American Innovation & Manufacturing Act on HFCs	38,500,000
Funding for Section 211(o) of the Clean Air Act (Renewable Fuels)	15,000,000
GHG Corporate Reporting	5,000,000
Office of Chemical Safety and Pollution Prevention (OCSP)	350,000,000
Environmental Product Declaration Assistance	250,000,000
Low-Embodied Carbon Labeling for Construction Materials	100,000,000
Permitting (Multiple Offices)	40,000,000
Efficient, Accurate, and Timely Permitting Reviews	40,000,000
Office of Enforcement and Compliance Assurance (OECA)	25,000,000
Funding for Enforcement Technology & Public Information	25,000,000

KEY TAKEAWAYS

- Many of these programs **build on existing programs** and can proceed quickly through established relationships with state and local partners.
- **OCSP's embodied carbon programs will inform other infrastructure projects** such as roads, bridges, and ports.
- **A major investment in permitting will bolster EPA's capacity** to provide quality, timely environmental reviews and permitting for critical projects.

INVESTMENTS ACROSS GOVERNMENT BUILD ON THE INFRASTRUCTURE LAW PASSED LAST YEAR

	Inflation Reduction Act	Bipartisan Infrastructure Law
Environmental Justice	\$60B including new grant programs to reduce pollution, the Greenhouse Gas Reduction Fund with a focus on low-income communities, & bonus credits for clean energy projects and jobs in disadvantaged communities	\$21B to clean up legacy pollution; \$15B to replace lead pipes; \$10B for clean buses; \$500M for LIHEAP
Power Sector	Clean energy tax credits that will more than double wind, solar, and battery storage deployment; >\$10B for rural electric systems and clean energy upgrades; \$2B for transmission projects	\$16.5B for grid upgrades like transmission; >\$9B for nuclear and hydropower
Transportation	Tax credits for EVs (up to \$7,500 new/\$4,000 used); clean commercial vehicles, EV chargers, and Sustainable Aviation Fuel; \$3B for clean USPS trucks; \$1B for other heavy-duty vehicles	>\$90B for public transportation; \$66B for rail; \$7.5B for EV charging; \$7B for battery supply chains; \$6.4B for state actions
Industry	\$60B for U.S. clean energy manufacturing; \$6B for cleaner industrial facilities; \$1.5B for methane reduction	\$9.5B for clean hydrogen; \$10B for direct air capture and carbon capture
Buildings	\$9B in rebates for electric appliances and efficiency upgrades; tax credits for home/business retrofits and efficient new construction; \$1B for affordable housing upgrades; \$1B for building codes	\$3.5B for Weatherization Assistance Program; \$550M for energy efficiency block grants; \$500M for clean & efficient school buildings
Land/Ag	\$21B for climate-smart agriculture and forestry	\$1.4B for ecosystem restoration and resilience
Climate Resilience	\$4.5B for drought; \$2.6B for coastal communities; \$1.8B to reduce wildfire risk in National Forests; \$1.5B for urban tree planting	\$50B for resilience to drought, wildfire, heat, flooding, coastal impacts, and other threats

GUIDING PRINCIPLES

- Maximize benefits – public health and climate benefits
- Prioritize environmental justice
- Harmonize management structures, regulations, funding and grants
- Engage inclusively with stakeholders
- Support and build on EPA regions' strengths
- Safeguard financial integrity



HOW TO GET INVOLVED

EPA will host multiple stakeholder engagement activities in the weeks ahead including:

- Public sessions with federal advisory committees –
 - National Environmental Justice Advisory Council (NEJAC)
 - White House Environmental Justice Advisory Council (WHEJAC)
 - Environmental Finance Advisory Board (EFAB)
 - Clean Air Advisory Committee (CAAC)
 - Local Government Advisory Committee (LGAC)
- Program-specific public meetings and stakeholder sessions
- Requests for Information where the public can provide written input on program design

Check epa.gov/newsroom for the latest updates and to sign-up for emails.

