



EARTHJUSTICE

BECAUSE THE EARTH NEEDS A GOOD LAWYER

Below is a deep dive on the recent passage of President Trump's budget bill from Sam Sankar, Earthjustice's Senior Vice President of Programs.

Friends,

On the Fourth of July, President Trump signed what he calls the “One Big Beautiful Bill Act” (OBBBA). The above-the-fold summary is that the bill makes huge cuts to spending on social services like Medicaid in order to pay for equally huge tax cuts for the rich and investments in border “security.” But the OBBBA also guts support for renewable energy development and environmental programs and mandates extensive fossil fuel and mining leasing. The magnitude of those provisions makes it the worst environmental law any of us have seen in our lifetimes.

Earthjustice and its allies worked tremendously hard to weaken and stop what we think of as a Big Bad Bill. Here’s a quick take on the worst parts of what got passed, how Earthjustice can fight back, and how the bill could have been even worse but for our efforts.

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The bad news — and how we’ll fight back

The OBBBA mandates major oil, gas, coal leasing and timber sales: Forty percent of the U.S. is public land managed (mostly) by the Interior Department and Forest Service. The federal government has always leased a lot of that land to companies that want to mine or drill on it, and the OBBBA requires even more:

- EPA's \$27B Greenhouse Gas Reduction Fund, which was supposed to finance local clean energy and pollution reduction projects.
- **Onshore and offshore oil and gas:** The Interior Department has to hold 30 offshore lease sales of 80 million acres each in the Gulf of Mexico as well as quarterly oil and gas lease sales for onshore public lands across more than 200 million acres in eight western states.
- **Alaska:** Requires offshore lease sales in Alaska's Cook Inlet and four onshore lease sales in the Arctic Refuge (ANWR), and five lease sales in the Western Arctic, home to the Willow Project.
- **Coal:** Mandates expedited approval of new coal leases and the offering for lease of at least 4 million acres of recoverable coal reserves on federal land.
- **Timber:** Requires the Forest Service to sell 250M more board feet of timber than the previous year and to continue increasing those sale amounts through 2034 for a total of 11 billion board feet over and above today's baseline.

What we can do about it: Republicans passed the OBBBA through the "reconciliation" process, which is designed to fast-track bills related to spending. This meant that it could only include fiscal policy provisions, which allowed us to beat back substantive provisions that might have weakened the nation's marquee environmental laws. **And that in turn means new lease sales and projects still have to comply with laws like NEPA, the Clean Water Act, and the Endangered Species Act.** The Trump administration has been busy (a) gutting the resources that agencies need to do solid environmental impact reviews, and (b) proposing lawless exceptions based on a purported "energy emergency." Where the administration violates the law in proceeding with oil, gas, coal, and timber sales, we will challenge these actions in court.

Moreover, anything done by “reconciliation” can be undone by “reconciliation.” Members of Congress voted for this bill before really selling it to their constituents. And many of those constituents don’t understand, or, if they do, oppose it. We have to move to helping people understand what Congress has done to the IRA and our clean energy future before the midterms and make members of Congress politically accountable for their votes. We have to start right away to lay the groundwork for taking the OBBBA down piece by piece.

The OBBBA sunsets many important energy-related tax credits: In recent years, the renewable energy industry has gotten a major boost from the Clean Energy Investment Tax Credit (ITC) and Production Tax Credit (PTC). These were provisions of the 2022 Inflation Reduction Act, the largest climate solutions investment bill in history. The OBBBA effectively sunsets these credits by providing that companies can claim them only if they start construction on renewable energy projects within a year or put them into service by the end of 2027. The law also disqualifies projects that don’t start construction within the year and rely too heavily on foreign materials. All these are big blows to the renewable energy buildout at a crucial time for our domestic industry and the planet.

There’s more bad news on the building and transportation fronts. The OBBBA will eliminate:

- The 30D tax credit that provided \$7,500 to purchasers of new passenger EVs. This harms the environment and the competitiveness of our domestic auto industry. Gone too is the 25E credit of \$4,000 to purchasers of used vehicles.
- The 45W credit for purchasers of commercial vehicles. This will make it harder to clean up the air for freight-impacted communities and will make American truck producers less competitive in the long term.
- The 25C credit for weatherizing and insulating homes, and the 25D credit for rooftop solar power as well as geothermal and wind power.
- The 30C credit for installing EV charging stations.

What we can do about it: We can't sue Congress to force it to reinstate tax credits it has withdrawn. **But our policy and legislation team can apply political pressure to get legislators to undo the damage they've done.** Remember that a lot of the Inflation Reduction Act's (IRA) investments were going to red states whose legislators wish they could have saved them in some form.

Just as importantly, we will continue to make the case for states and local governments to continue investing in clean power and transportation. One way we do that is in legal proceedings before public utility commissions; we have for many years been using cost-based arguments to get PUCs to transition to clean energy. The IRA made those arguments easier, but renewable energy is *still* cheap, reliable, and better for consumers than fossil energy. That means we can still win. We will also keep fighting for grid operators to fairly value renewable energy's contributions to the grid, especially as compared to fossil fuels that underperform during extreme weather events.

The OBBBA largely rescinds "unobligated" IRA funds: Again, the Senate passed the OBBBA through the "reconciliation" process, meaning it could only include fiscal policy provisions. But fiscal policy can drive climate and energy policy, as Democrats proved by passing the IRA, which invested hundreds of billions of dollars in renewable energy tax credits and grants, climate-related conservation programs, pollution reduction grants, and environmental justice programs.

The OBBBA mounts a wall-to-wall attack on IRA grant programs by broadly withdrawing funds that have not yet been "obligated." The list of targets is enormous, but here's just a sampling of what Congress just cut:

- EPA's \$27B Greenhouse Gas Reduction Fund, which was supposed to finance local clean energy and pollution reduction projects.
- Funding for specific climate and pollution-related EPA programs like ones aimed at reducing methane emissions, recovering endangered species, and spurring innovation in climate-related technologies.
- Block grants aimed at helping communities mitigate climate impacts, monitor and improve their air quality, and participate in regulatory processes.
- Money to expand the federal workforce so as to speed up environmental reviews.
- Funds for NOAA's climate forecasting and resilience programs.
- Funding for large scale transmission projects and programs to accelerate transmission siting.
- Low-interest loans for emerging clean energy technologies.

What we can do about it: There's a huge caveat to what I listed above: the OBBBA only cuts "unobligated" funding. The government still has to make good on contracts it already signed. And the Biden administration worked hard to sign a lot of IRA-related contracts before January 2025. It thereby succeeded in obligating as much as 90% of the IRA grant money in some programs. **The Trump administration has been trying to renege on those grants by freezing payments or canceling them, but we are fighting back with [lawsuits on behalf of grantees](#), including an [innovative class action suit](#).**

This could have been worse

Join me in taking a moment to thank **VP of Policy and Legislation Raul Garcia** and the rest of our incredible Policy and Legislation team. They worked overtime trying to block this law, and they helped scuttle some truly terrible provisions. Among them:

- **Pay-to-play permitting:** This provision would have let companies pay a fee that would entitle them to write their own environmental impact reviews and prevent anyone from challenging them in court.
- **Taxes on wind and solar:** We helped block an excise tax on new wind and solar facilities that can't meet exacting standards for sourcing materials domestically.
- **"Nonprofit killer" provision:** A draft OBBBA provision would have given the Trump IRS power to strip the c(3) status of disfavored groups by claiming they are providing "material support" to terrorist organizations.
- **Congressional review of major regulations:** We succeeded in eliminating language that would have required Congress to approve most major federal regulations before they could go into effect.
- **Public Lands Sell-Off:** Alongside the entire environmental community, we got OBBBA proponents to strike a provision that would have sold off over 250 million acres of public lands across 11 western states.

Beating these things back required constant vigilance; many of the problematic provisions were buried in language that nobody (even the OBBBA's proponents) fully understood. Our legal and PAL teams flyspecked each draft of the bill and told folks on the Hill what each new provision would do. They flew in allies, worked the phones, and held countless meetings with Hill leaders and their staff to make our case. We didn't win the war, but we did win battles that made a difference.

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Candidly, July 4, 2025, was a bad day for our nation and our planet. But I'm focusing on some bright spots. Congress and the President have pushed the pendulum even further away from what the American people want and what sane energy and economic policy require. It will swing back, and we are already working on proposals to rise from the rubble. In the meantime, rest assured that we will continue to fight tooth and nail for our planet and all of us who live on it.

~Sam



Sam Sankar
SVP of Program,
Earthjustice