



Inflation Reduction Act: Environmental and Climate Justice Factsheet

This Factsheet is not an exhaustive nor complete analysis of the Inflation Reduction Act, but rather a tool that we hope our members can utilize to orient themselves in the different provisions inside the bill. While we do understand that there are provisions in terms of tax credits, and healthcare initiatives on the bill, we narrowed our scope to the Climate, Energy, Agriculture and Forestry provisions in the bill. For the time being we will not add anymore updates to this factsheet.

Strengths:

- ❖ **Funding to Address Air Pollution** (Sec. 60105): \$3M for air quality monitoring in low-income and disadvantaged communities.
- ❖ **Funding to Address Air Pollution in Schools** (Sec. 60106): \$37.5M to reduce air pollution in schools located in low-income and disadvantaged communities, and \$12.5 for technical assistance.
- ❖ **Diesel Emission Reductions** (Sec. 60104): \$60M to reduce emissions from vehicles servicing goods movement facilities in low-income and disadvantaged communities.
- ❖ **Grants to Reduce Air Pollution at Ports** (Sec. 60102): \$750M to improve air quality at ports in overburdened communities.
- ❖ **Clean Heavy Duty Vehicles** (Sec. 60101): \$400M to upgrade school buses, garbage trucks, and transit buses in overburdened communities.
- ❖ **Office of Insular Affairs Climate Change Technical Assistance** (Sec. 50241): \$15M to provide technical assistance to fight climate change in American Samoa, the Northern Mariana Islands, Guam, Puerto Rico, and the US Virgin Islands.
- ❖ **Bureau of Reclamation Domestic Water Supply** (Sec. 50231): \$550M in financial assistance for disadvantaged communities to improve access to drinking water.
- ❖ **Black Lung Disability Trust Fund** (Sec. 13901): Makes permanent a tax on coal produced and sold domestically to support miners with Black Lung Disease.
- ❖ **Environmental and Climate Justice Data Collection** (Sec. 60401): \$32.5M to collect data on disparate impacts of environmental pollution and climate burdens.
- ❖ **Competitive Grants**: While designated for disadvantaged communities, these provisions will have Black, Brown, low-income, and tribal communities compete for funding with “eligible recipients” that are better funded such as industry or large NGOs. In addition, to have frontline communities compete for funding while including direct expenditures for fossil fuel infrastructure in the same bill will exacerbate pollution in the same communities in need of investments. This should be re-framed as set-asides for communities to apply directly.
 - **Greenhouse Gas Reduction Fund** (Sec. 60103): \$15B to deploy projects that will reduce emissions, like rooftop and community solar, in low-income and disadvantaged communities. Funds are only available until 2024. Funding for “Zero emissions technologies” must explicitly exclude false solutions.

- **Neighborhood Access and Equity Grants** (Sec. 60501): \$1.10B to reduce pollution and increase quality of life in disadvantaged and underserved communities near major transportation corridors.
- **Environmental and Climate Justice Block Grants** (Sec. 60201): \$2.8B for community led-projects in disadvantaged areas, and \$200M to provide technical assistance.

Weakness:

- ❖ **Low-Emissions Electricity Program** (Sec. 60107): \$17M for educational and technical assistance programs to help reduce greenhouse gas emissions from electricity generation designated from low-income and disadvantaged communities. However, this program allocates another \$17M to support industries to do the same without setting guardrails for the deployment of false solutions.
- ❖ **Tribal Energy Loan Guarantees** (Sec. 50145): \$75M to support tribal investments in energy related projects. Unfortunately, this funding can be used for fossil fuel based energy projects including pipelines.
- ❖ **Home Electrification and Energy Efficiency Rebates** (Sec. 50121) & **High Efficiency Electric Rebate Program** (Sec. 50122): \$9B to help households with energy upgrades. Unfortunately, most low-income families cannot pay costs upfront. This will benefit mostly moderate income households.
- ❖ **Rural Electric Cooperative Loans** (Sec. 22004): \$9.7B to improve resiliency, reliability, and affordability of rural electric systems. This funding can be used for Carbon Capture and Storage projects.
- ❖ **Improving Energy Efficiency, Water Efficiency or Climate Resilience of Affordable Housing** (Sec. 30002): \$1B to help cover the costs of energy, water, and climate resilience upgrades for affordable housing. This provision must exclude false solutions like hydrogen for residential heating.
- ❖ **Clean Electricity Production Credit** (Sec. 13701): These credits can be obtained by fossil fuel combustion and gasification facilities to deploy Carbon Capture and Storage technologies.
- ❖ **Sustainable Aviation Fuels** (Sec. 40007) Estimated \$49M in tax credits¹
- ❖ **Forest Carbon Markets** (Sec. 23002) \$450M in competitive grants to encourage “underserved forest landowners” to participate in carbon markets through the implementation of climate mitigation strategies or forest resilience strategies that can then be counted as carbon sequestration and storage. These payments encourage the proliferation of carbon markets. Payments should be direct and unrelated to carbon markets instead.
- ❖ **Rural Energy for America Program** (Sec. 22002) \$1.177B to promote energy efficiency and renewable energy development for agricultural producers and rural small businesses. The program's definition of renewable energies also include: Biomass, hydroelectrics (not specific on scale), or Green Hydrogen (derived from renewables, hydroelectrics, or biomass).
- ❖ **Agriculture** - While increased funding for Agriculture conservation practices is positive, the bill prioritizes practices that include carbon capture and sequestration. This helps promote carbon markets, and induces food insecurity because growers will be paid for their data and not the crops they grow.
 - Sec. 21001 - \$26.8B total for Conservation Programs - under the Farm Bill through 2026:
 - EQIP - \$8.450B
 - CSP - \$3.25B
 - ACEP - \$8.4B

¹<https://www.finance.senate.gov/imo/media/doc/7.29.22%20Estimate%20of%20Manchin%20Schumer%20Agreement.pdf>

- RCPP - \$6.75B
- Sec. 21002 - \$300M Funding for NRCS for technical assistance in GHG and carbon sequestration activities and data tracking of those outcomes.

Threats: ~ \$48B

- ❖ **Clean Vehicle credits** (Sec. 13401) Estimated \$12 billion in tax credits. Extensive clean vehicle tax credits without sufficient investment in public transportation locks in dependence on private transportation.
- ❖ **Extension and Modification of Credit for Carbon Oxide Sequestration** (Sec. 13104): \$3.23B to subsidized polluters in deploying **Carbon Capture, Storage and Utilization** technologies. This subsidy can be used for **Enhanced Oil Recovery** to pump more oil out of the ground. The IRA would increase deployment of CCS technology by [13 times deployment under current policy](#).² This includes CCS at fossil fuel plants.
- ❖ **Zero-Emission Nuclear Power Production Credit** (Sec. 13105): \$30B in corporate subsidies to dangerous nuclear power plants.
 - (Sec. 50173) \$700 M Availability of high-assay low-enriched uranium
- ❖ **Hydrogen** (Sec. 13204) \$13.166B Hydrogen Production Tax Credit. Hydrogen is a false climate solution which contributes to pollution and enables the use of fossil fuel infrastructure in frontline communities. Hydrogen tax credits under the IRA would [triple investment](#) in hydrogen deployment by 2030³.
- ❖ **Fossil Fuels.** The IRA includes multiple provisions that increase fossil fuel production. These include:
 - (Sec. 50261) Offshore oil and gas royalty rate and (Sec. 50262) Mineral Leasing Act modernization increase royalty rates for fossil fuel development on public lands and in public waters and increases government reliance on revenue from fossil fuels. Oil and gas leasing on federal land and waters should be prohibited.
 - (Sec. 50263) Royalties on all extracted methane
 - (Sec. 50264) Reinstating canceled oil and gas lease sales under the 2017-2022 Outer Continental Shelf Leasing Program
 - Gulf of Mexico Lease Sale 257- 80.9 M Acres offered to be sold 30 days after bill⁴
 - Alaska Region Lease Sale 258 - 1.09 M Acres to be sold by end of 2022
 - Gulf of Mexico Lease Sale 259 - To be done by end of 2022
 - Gulf of Mexico Lease Sale 261 - To be done by Sep 2023
 - (Sec. 50265) Ensuring energy security - This provision ties renewable energy development to oil and gas leasing.
 - The lesser of 2M acres -or- 50% of any acres in which oil and gas developers have expressed interest must be offered in onshore leases to Oil and Gas before Solar and Wind lease offerings.
 - At least 60M acres in offshore leases must be offered to Oil and Gas leases before for Offshore Wind Energy lease offerings.
- ❖ **Biofuels:** Continued investments in biofuels which detract from needed food production and enable harmful industrial agricultural practices.
 - (Sec. 22003) \$500M for competitive grants to increase Biofuel infrastructure
 - (Sec. 13201) Extension of tax credits for biofuels for an additional three years.

² https://repeatproject.org/docs/REPEAT_IRA_Preliminary_Report_2022-08-04.pdf Slide 13.

³ https://repeatproject.org/docs/REPEAT_IRA_Preliminary_Report_2022-08-04.pdf (Slide 12)

⁴ The bill language says to take the last bid offer which was for 1.7M Acres for \$198M - <https://www.boem.gov/sites/default/files/documents/oil-gas-energy/leasing/sale-257-stats.pdf>

- ❖ **Extension of Nonbusiness Energy Property Tax Credits to 2032** (Sec.13301) These tax credits for individual households include credits for fossil fuel appliances such as natural gas, propane and oil water heaters which cause indoor pollution and fossil fuel lock-in.

Missed Opportunities: (“What’s missing”)

- ❖ **Lead Pipe Replacement:** Funding to replace lead piping would reduce lead exposure for the 10 million U.S. households with lead service lines.
- ❖ **Investment in Mass Surface Public Transportation:** Direct investment in mass surface public transportation would accelerate electrification of public transit and improve transportation access specifically for underserved communities.
- ❖ **Civilian Climate Corps:** Direct investment in workforce development and career paths for climate resiliency would support the climate workforce and boost family-supporting employment in disadvantaged communities.
- ❖ **Cumulative Impacts:** Funding to government agencies for the consideration of cumulative impacts during the permitting process would protect overburdened communities from further exposure to pollutants.
- ❖ **Community Intervener Funds:** Funding to support community based organizations in participating in designing and permitting infrastructure projects would ensure that harmful projects are kept out of disadvantaged communities and that benefits of good projects are directed to communities.
- ❖ **Right of Recovery:** Funding to support entities that make claims against polluting facilities would help environmental justice communities ensure that regulation of polluting facilities are fully enforced.
- ❖ **Community-Owned Renewables:** Current incentives support corporate owned renewables. Funding to support community ownership would allow local communities to fully benefit from renewable development including access to infrastructure and bill reduction.