

Environmental Justice in the Inflation Reduction Act

The *Inflation Reduction Act of 2022* (IRA) works to advance environmental justice (EJ) by building on regular engagement with EJ leaders from across the country to identify environmental justice priorities in the *Build Back Better Act*, and now the IRA.

The IRA makes investments in low-income individuals and disadvantaged communities to promote:

1. **Legacy pollution reduction**
2. **Affordable and accessible clean energy for disadvantaged communities**
3. **Better quality of life and good jobs**

Legacy Pollution Reduction

The IRA also includes several new grant programs that address air pollution, greenhouse gas emissions, and other legacy pollution:

- The **Environmental and Climate Justice Block Grants**, funded at \$3 billion, invest in community led projects in disadvantaged communities and community capacity building centers to address disproportionate environmental and public health harms related to pollution and climate change.
- The **Neighborhood Access and Equity Grants**, funded at \$3 billion, support neighborhood equity, safety, and affordable transportation access with competitive grants to reconnect communities divided by existing infrastructure barriers, mitigate negative impacts of transportation facilities or construction projects on disadvantaged or underserved communities, and support equitable transportation planning and community engagement activities.
- **Grants to Reduce Air Pollution at Ports**, funded at \$3 billion, support the purchase and installation of zero-emission equipment and technology at ports, as well as the development of port climate action plans, with a focus on ports in nonattainment areas.
- The IRA addresses legacy toxic pollution by **reinstating the Superfund tax**, raising over \$11 billion. This ensures that Superfund cleanups will have a guaranteed stream of funding for years to come, reducing the pollution in our communities that is disproportionately felt by low-income and disadvantaged communities.
- A new program at the Environmental Protection Agency, the **Clean Heavy-Duty Vehicles** program funded at \$1 billion, will cover the incremental cost of zero-emission school buses, garbage trucks and transit buses with a specific focus on vehicles serving communities located in nonattainment areas.
- \$60 million for the **Diesel Emissions Reduction Act** grants will address diesel emissions from goods movement facilities – like airports, railyards, and distribution centers – and from vehicles servicing those facilities.
- \$236 million for **Air Pollution Monitoring**, through air quality monitoring that will particularly benefit disadvantaged communities exposed to areas with persistent air pollution.
- \$50 million to **Address Air Pollution at Schools** by monitoring and reducing air pollution at public schools in low-income and disadvantaged communities.

- \$87 million for the **Low Emissions Electricity Program** to support low-income and disadvantaged communities, and offer technical assistance to industry, as well as state and local governments, as they work to reduce greenhouse gas emissions.
- \$25 million for **Enforcement Technology and Public Information** program will upgrade the Environmental Protection Agency's Integrated Compliance Information System and for states and Indian Tribes to make similar upgrades.

The IRA also includes over \$750 million for implementation of the **National Environmental Protection Act (NEPA)** across the Federal Government, so that executive agencies have the resources to properly review proposed infrastructure projects. Additionally, the IRA includes funding for the **Office of Management and Budget Oversight** and the **Governmental Accountability Office Oversight**, each funded at \$25 million, to provide transparency on how the larger package is enacted and allow the public to ensure it delivers on EJ priorities.

Affordable and Accessible Clean Energy for Disadvantaged Communities

The largest single investments across the climate title of IRA is in the **Greenhouse Gas Reduction Fund**, a clean energy and sustainability accelerator funded at \$27 billion with at least 60 percent of those funds focused on disadvantaged communities. The funding is provided to non-federal governments, as well as state or regional green banks, and is allocated across three buckets:

- \$7 billion for zero-emission technology deployment – including rooftop and community solar – in low-income and disadvantaged communities.
- \$8 billion for a general fund making broad investments in reducing greenhouse gas emissions and promoting environmental justice, exclusively allocated to low-income and disadvantaged communities.
- \$11.97 billion for a similar general fund but available to all Americans and communities.

In the same vein, the IRA creates a new grant program for **Improving Energy Efficiency or Water Efficiency or Climate Resilience of Affordable Housing**, funded at \$1 billion, that helps cover the cost of energy efficiency upgrades – including electrification of systems and appliances – as well as installation of renewable energy, and improvements to property resiliency.

In addition, two new home energy rebate programs help low- and moderate-income households increase their efficiency: the **Home Energy Performance-Based, Whole House Rebates and Training Grants**, and the **High-Efficiency Electric Home Rebate Program**. Funded at \$9 billion equally split across the two programs, these investments provide single-family and multifamily energy efficiency retrofits and electrification.

The IRA also includes a tax credit for low- and moderate-income individuals to **make Used Clean Vehicles affordable**. This credit can be taken as a point-of-sale rebate making used electric and hydrogen cars increasingly affordable for low- and moderate-income households by reducing the price by up to \$4,000.

Better Quality of Life and Good Jobs

The IRA also makes investments to improve the quality of life and bring good jobs to disadvantaged communities through targeted grant programs like:

- \$1.5 billion to plant trees, establish **community and urban forests**, and expand green spaces in cities, which combats climate change and provides significant community benefits by increasing recreation opportunities, cooling cities, lowering electric bills, and reducing heat-related death and illness.
- \$50 million for investments in **Urban Parks** through competitive grants to localities for acquisition of land or interests in land, or for development of recreation facilities to create or significantly enhance access to parks or outdoor recreation in urban areas.
- \$397.5 million for programs aimed at building **resilience** across **Tribal governments and communities** by providing support to transition electrified homes to renewable energy sources and provide **renewable energy to homes without electricity**; address drinking water shortages and provide financial assistance for **drought relief**; maintain and operate hatcheries; and fund Tribal **climate resilience and adaptation** programs.
- \$550 million to ensure disadvantaged communities have the resources needed to plan, design, and construct **water supply projects**, particularly in communities and households that do not currently have reliable domestic water supplies.

The IRA makes major reforms to the existing tax code to promote clean electricity deployment, so that future investments bring clean energy and good jobs to disadvantaged communities. Within the **Investment Tax Credit and Production Tax Credits** for renewable energy, there is a new bonus 10% credits for projects built within legacy energy communities. This helps ensure cheap, reliable, clean energy resources are available, and that the economic benefit of these investments will be felt by all Americans.

This is further bolstered by the **Increase in Energy Credit for Solar and Wind Facilities Placed In Service In Connection With Low-Income Communities** which creates a further bonus credit within the Investment Tax Credit that provides either a 10% bonus credit for projects installed in a low-income community or on Indian land, or 20% bonus for projects that are a part of an eligible low-income building or low-income economic benefit project. A low-income economic benefit project is defined as a project where at least 50% of the financial benefits need to flow to households with less than 200% poverty line income or less than 80% an area's gross median income. Specifically earmarked for solar, solar plus storage, and wind projects, the credit is limited to 1.8-gigawatts per year, although any unused portions of the allocation can be rolled over into the following year.

The **Extension of the Advanced Energy Project Credit**, also known as the 48C tax credit, supports industrial manufacturing retrofits to make these facilities more efficient and to incentivize the domestic manufacturing of clean technologies. This \$10 billion credit includes a \$4 billion set-aside to build new clean technology manufacturing facilities in legacy coal communities.