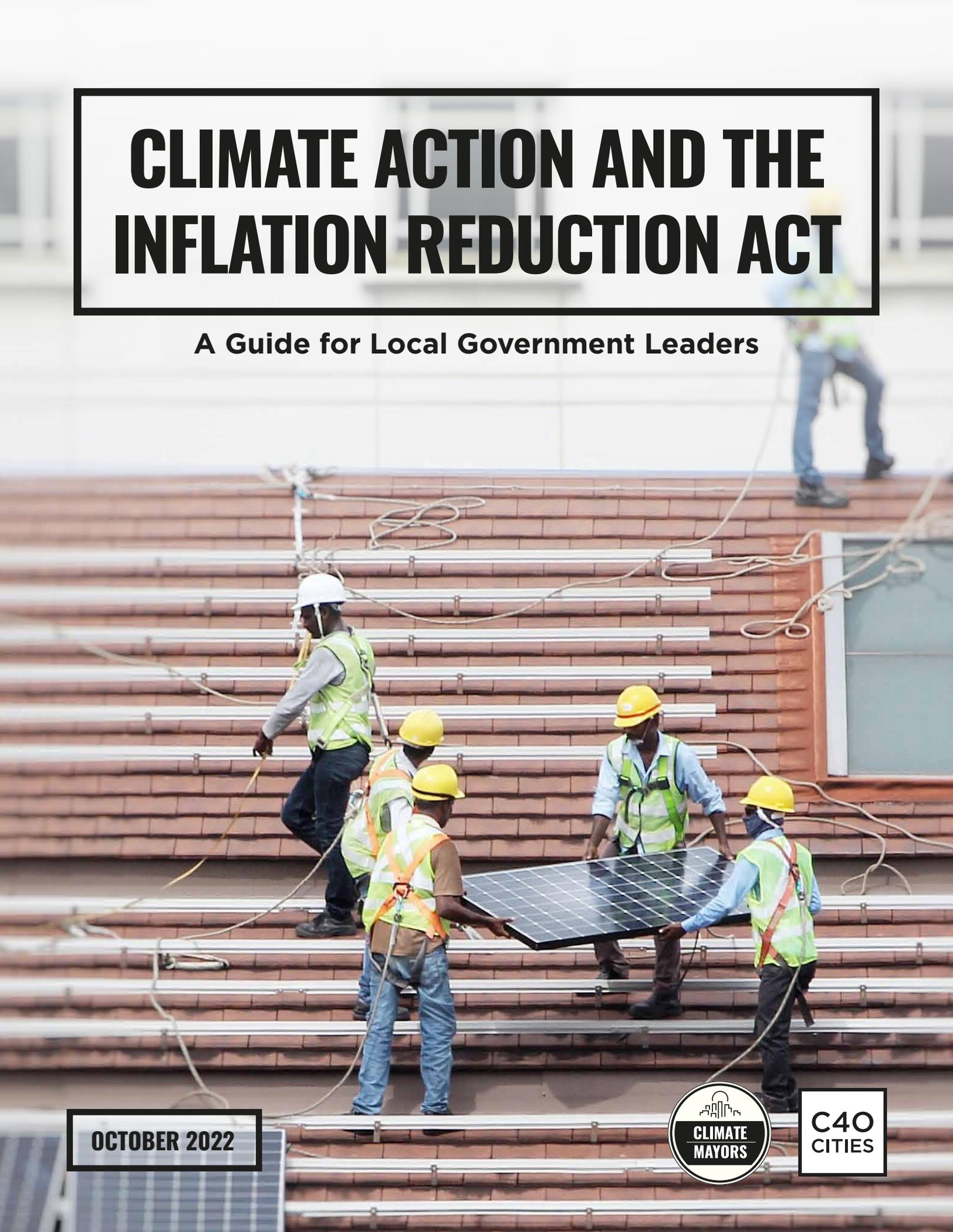


CLIMATE ACTION AND THE INFLATION REDUCTION ACT

A Guide for Local Government Leaders



OCTOBER 2022



C40
CITIES

Dear Mayors and Local Leaders,

The Inflation Reduction Act of 2022 (IRA) is the largest investment by Congress to date to address climate change. With \$369 billion for climate solutions and environmental justice, it represents a massive infusion of federal funding intended to leverage billions more in private capital to supercharge the clean energy transition and put us on a path to achieve an estimated 40% emissions reduction by 2030.

The IRA was passed into law through the budget reconciliation process, which means that its provisions are financial—not regulatory. Coming on the heels of the American Rescue Plan and Infrastructure Investment and Jobs Act, it is a very different kind of federal funding package, with the majority of its climate-related funding in the form of tax credits and financing for business and individuals, and smaller amounts available as grants or direct payments to governments and other entities. The ultimate impact of the IRA—on climate pollution, environmental justice, job creation, and strengthening the economy—will depend on if and how businesses, individuals, organizations, and public agencies take advantage of these incentives.

This guidebook was developed to help mayors and their staff to understand the climate provisions included in the IRA, the opportunities for local government, and the multiple roles that we can play in maximizing the benefits of the law while actively minimizing the real and potential harms posed to frontline communities exposed to fossil fuel infrastructure and development. The guidebook details the major programs that fund local government directly, those available

to community-based organizations, programs administered through states, as well as the consumer and business tax credits. For each, it describes what the funding can be used for, how it will flow, and the process and timeline for accessing resources. Our intent is to provide additional resources as more information becomes available from federal agencies.

The IRA will come to life at the local level. As always, the work will look different in each of our cities depending on our unique context and priorities. Some may focus on EV readiness while others will lean into financing strategies to advance community solar or public education and marketing campaigns to encourage homeowners to take advantage of tax credits for home energy efficiency. At the same time, there is work that we all must do to engage and support environmental justice organizations, invest in the communities that need it most, advance workforce and economic inclusion, foster healthy public-private partnerships, and collaborate across boundaries with neighboring jurisdictions, tribes, and states.

As we get to work in our cities planning for implementation, we will create opportunities through C40 and Climate Mayors to come together as mayors to learn from each other and join our voices in collective action. While this moment is huge, we know that it is also insufficient given the scale of the climate crisis. Our work is to successfully deliver the IRA in a way that ensures that it is just the starting point for ongoing federal investments to support local climate action.



In partnership,

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This guidebook was developed by C40 and Climate Mayors to provide an initial orientation to the climate-related provisions of the Inflation Reduction Act and to spark reflection and engagement around the wide range of roles mayors and local leaders can play. In collaboration with the many vital partners working to advance equitable local climate work, C40 and Climate Mayors will provide additional information to mayors and local leaders as federal agencies issue guidance and additional implementation resources become available.

The project team would like to thank Bloomberg Philanthropies for its generous support to make this guidebook possible.



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1

INTRODUCTION: WHAT DOES THE INFLATION REDUCTION ACT DO FOR CLIMATE CHANGE?

TAKEAWAYS

- ▣ The IRA's climate-related provisions primarily take the form of tax credits and financing mechanisms, with smaller amounts available as grants. The ultimate impact of the IRA depends on which businesses, individuals, organizations, and public agencies take advantage of these incentives.
- ▣ The greatest share of IRA climate funding goes to increasing low-carbon energy sources, but it also directs substantial investments into healthier, more efficient housing, clean manufacturing, and clean vehicles.
- ▣ The IRA directs funding to many different entities, addressing issues from multiple angles simultaneously—for example, creating tax credits for housing upgrades AND funding contractor training AND providing carbon-reduction grants to cities. This creates the potential for far-reaching synergies but also greatly elevates the need for and value of coordination.

The Inflation Reduction Act (IRA) marks a historic federal investment in responding to climate change, both in the scale of funding and in the explicit attention to environmental justice communities. The IRA complements the Infrastructure Investment and Jobs Act of 2021 (IIJA) in crucial respects: where IIJA directs hundreds of billions of dollars to infrastructure, largely through existing programs that channel funding to states, IRA resources flow through multiple complementary pathways. The IRA makes funding available to public agencies, businesses, non-profit and community-based organizations, and individuals through new programs and a variety of mechanisms. Together, these two laws create the potential to align powerful incentives to push and pull low-carbon solutions into widespread use.

Many IRA provisions create new programs and mechanisms for federal funding that local governments can access directly, and the law creates an even larger number of programs and funding sources that local governments can align with, leverage, complement, and support others to access. New programs invariably take time to get established and still more time to become

coordinated with existing local, state, and other federal programs. The more local governments can do to understand and coordinate among related efforts, the faster the benefits of the IRA will emerge, the more equitably they will be shared, and the greater the impacts will be.

At the same time, the IRA includes funding that has the potential to exacerbate the disproportionate burdens on communities near fossil-fuel production and processing facilities. The bill directs federal agencies to expand oil and gas leases, for example, and makes tax credits available to fossil fuel facilities to capture carbon dioxide, extending their operations. These actions can result in new or worsened pollution hot spots and degraded air and water quality.

In some cases, state and local governments hold decision-making power to grant necessary permits for these facilities. In every case, local governments and their partners can deepen their engagement with disadvantaged communities that experience the worst burdens of a fossil-fuel economy to work toward healthy environments and sustainable livelihoods.

Where do the dollars go?

In broad terms, the greatest share of IRA funding goes to shifting from fossil fuels to low-carbon energy sources (see Figure 1) by expanding tax credits for renewable electricity, and providing incentives for battery production, clean hydrogen, and electrification of vehicles, buildings, and industrial processes.

The scale of the bill, however, is so large that even the smaller slices of funding constitute substantial investments.

For example, the \$27 billion to finance carbon-reduction projects through new and existing green banks and the nearly \$50 billion in incentives for efficient, clean housing and commercial buildings represent unprecedented levels of investment. Other IRA provisions create innovative new programs, such as the \$3 billion for Environmental and Climate Justice Block Grants, with initial funding sufficient to pilot novel investments in community-led projects. Over time, these programs will require much greater future spending to meet the scale of need, and delivering positive outcomes with these initial investments is a critical step toward securing large, durable funding in the future.

Because the IRA was passed into law through the budget reconciliation process, its provisions are financial and not regulatory: as Figure 2 shows, a majority of IRA funding goes toward tax credits and other financial incentives. This means the ultimate impact of the IRA depends on who is able to access these incentives and how they are used. A key role for local governments and their partners will be to inform, support, and assist local businesses, organizations, and individuals to tap into these financial incentives.

Figure 1. Energy supply receives about half of IRA resources, with significant investments in clean manufacturing and housing (billions of dollars)

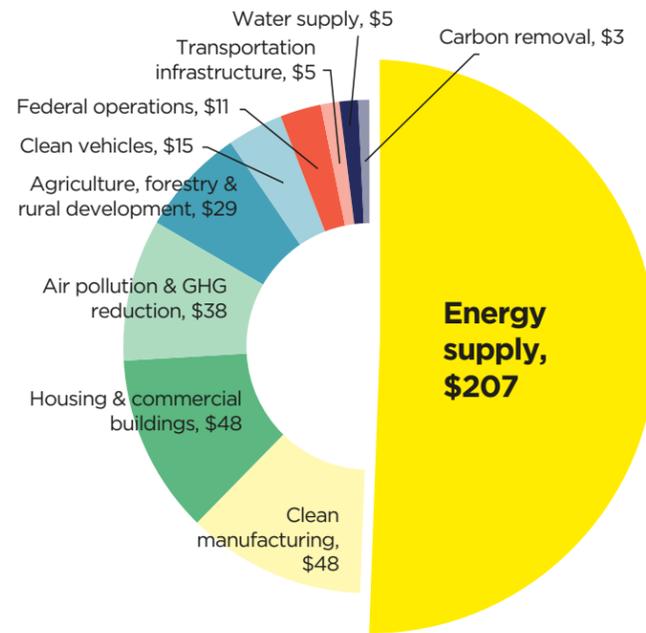
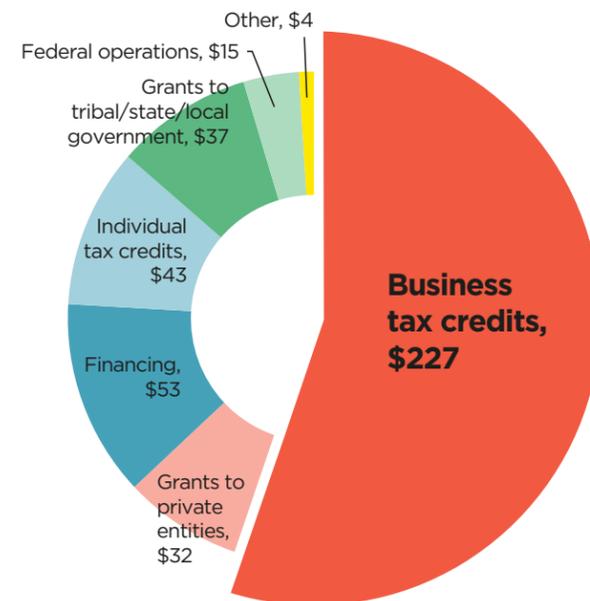


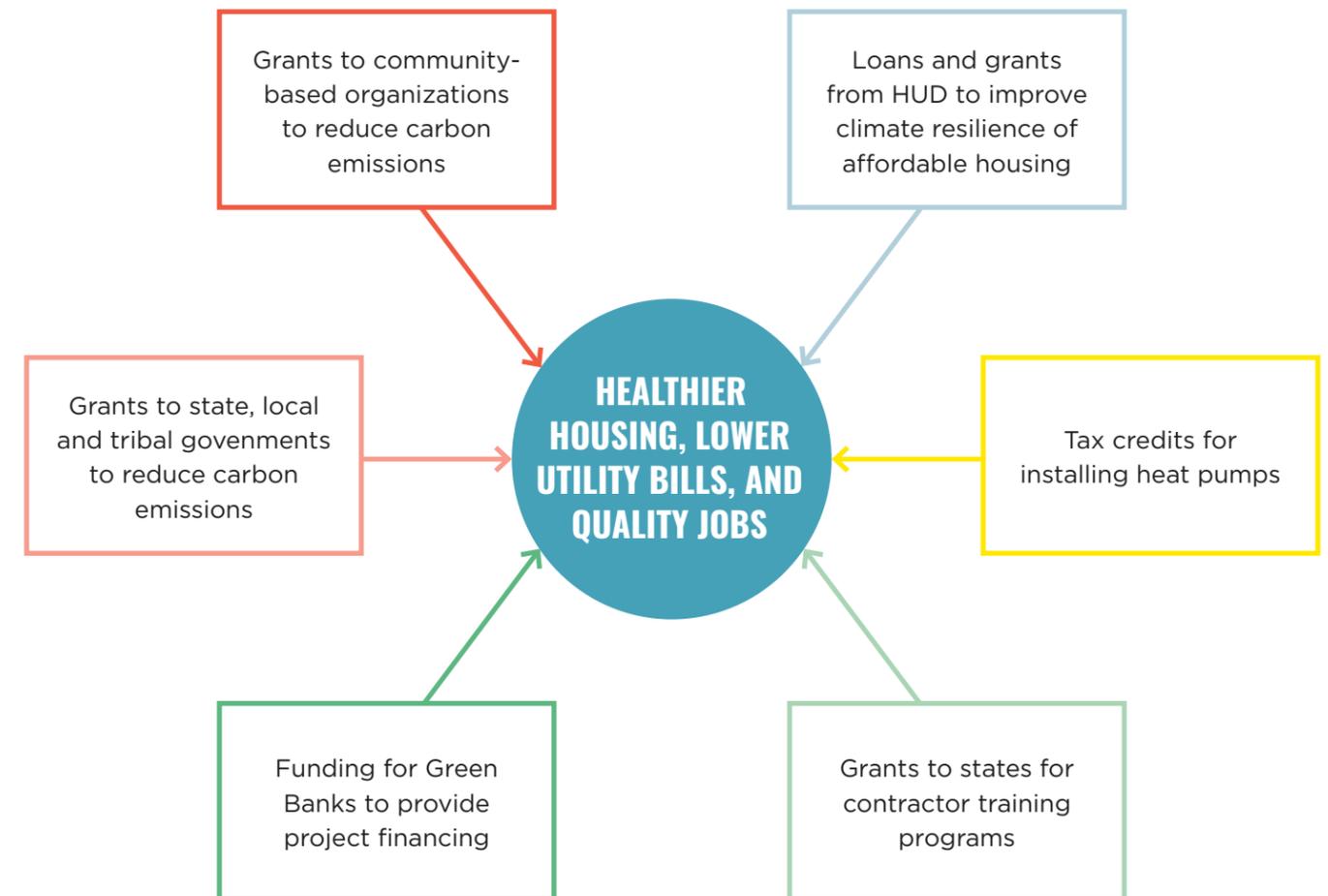
Figure 2. The largest share of IRA funding will be available as tax credits to businesses (billions of dollars)



The IRA directs funding to many different entities, addressing issues from multiple angles simultaneously. Figure 3 illustrates how this might play out to create healthier and more efficient housing. The intersecting programs create the potential for far-reaching synergies but also greatly elevate the need for and value of coordination. Mayors and city officials can

exercise leadership in ensuring an integrated strategy for climate and equity priorities. City leaders can leverage their relationships to bring together business and community partners and engage state agencies, neighboring jurisdictions, and institutions to ensure that the economic and community-wide impacts of the IRA are much more than the sum of isolated parts.

Figure 3. IRA provisions to improve the efficiency, health, and affordability of housing illustrate how the new funding addresses issues through multiple channels simultaneously





JUSTICE40 AND THE INFLATION REDUCTION ACT

Justice40 is the Biden-Harris Administration's commitment to direct at least 40% of the overall benefits from federal investments in climate and clean energy to disadvantaged communities. The whole-of-government initiative confronts the inequities in federal policy and resourcing systems in an effort to advance environmental justice.

Defining and Identifying Disadvantaged Communities

The White House Council on Environmental Quality developed the [Climate and Economic Justice Screening Tool \(CEJST\)](#) to map disadvantaged communities across all 50 states, the District of Columbia, and the U.S. territories. Using census tracts, eight categories of criteria are used alongside a range of human health, environmental, climate-related, and other indicators as a means of identifying communities that are marginalized, underserved, and overburdened by pollution and environmental hazards. The methodology for the current formula, along with the relevant data sources, are publicly available and can be downloaded from the CEJST website.

Justice40-Covered Programs

Justice40 investments apply to the following categories: climate change, clean energy, energy efficiency, clean transit, affordable and sustainable housing, training and workforce development, remediation and reduction of legacy pollution and the development of critical clean water and wastewater infrastructure.

Federal agencies and departments have announced hundreds of programs covered by Justice40. Agencies are using the CEJST to identify communities intended to benefit from the programs and, in many cases, are adapting existing programs and designing new programs to more effectively engage and benefit disadvantaged communities.

Applying Justice40 to the IRA

Implementation of the Justice40 Initiative is underway through the American Rescue Plan, Bipartisan Infrastructure Law, and the Inflation Reduction Act (IRA). After signing the IRA, President Biden issued an [executive order](#) that calls for applying Justice40 to the law. Several programs funded through the IRA, such as the Urban and Community Forestry Program

and the Rural Energy for America Program, are explicitly named as part of the Justice40 Initiative.

The Role of Local Governments in Delivering Justice40

As funding flows from the federal government, local governments have a critical role to play in delivering the benefits to the communities that need it the most. For example:

- Local governments will need to ensure that funding applications for Justice40-covered programs meet all the programmatic requirements.
- Local governments with disadvantaged communities have important insight to bring to bear in identifying gaps or unintended consequences of IRA implementation and in reporting data on the benefits directed to disadvantaged communities.
- Local governments not in designated census tracts can still support the spirit of Justice40 by committing at least 40% of funding they receive to frontline organizations.

- Where federal funding is made directly available to frontline and community organizations, local government can serve as a supportive learner and partner.

In its outreach and partnership efforts on the IRA, local government leaders have an opportunity to show their commitment to effective collaboration between city staff and communities impacted by historic and current inequities.

Local governments should continue to build long-term relationships with frontline organizations and impacted communities to help inform city priorities that are rooted in their needs and solutions. In preparing for federal funding, a commitment to long-term relationship building allows local government leaders to better understand historic injustices, uplift the people who will be most affected by city initiatives—or those who have been most burdened by past inequities—and offer impacted communities the opportunity to play a key role in the design, implementation, and outcomes of city initiatives.

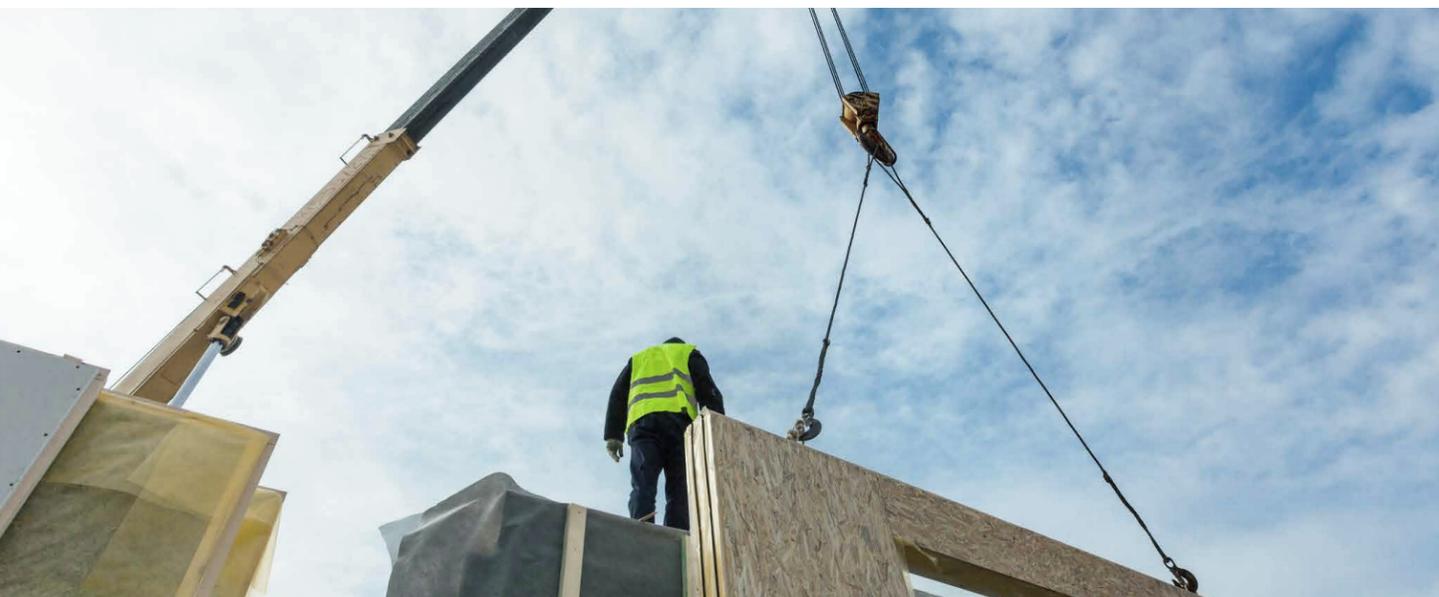
How the Inflation Reduction Act can support economic and workforce inclusion

The IRA creates the potential for significant shifts toward increased economic inclusion and workforce development, both directly and indirectly. Several programs provide funding directly for training and workforce development, including contractor training for energy efficiency retrofits, and states will have crucial discretion in ensuring that those economic and wealth-building opportunities are made available to those who need them most.

In terms of dollars, however, much larger opportunities are contained in the tax credit provisions that include higher incentives—generally five times as much—for clean energy projects that pay prevailing wage and meet apprenticeship requirements. These provisions have routinely applied to previous federal programs that fund state and local infrastructure. The IRA takes a major step by creating a strong financial incentive for businesses to meet similar requirements, which are a key feature of provisions that create or modify the following tax credits:

- Clean electricity production tax credit (PTC)
- Clean electricity investment tax credit (ITC)
- Credit for carbon capture
- Nuclear power production credit
- Clean hydrogen production credit
- Energy efficient commercial buildings deduction
- New energy efficient home credit
- Advanced energy project credit
- Alternative fuel refueling property credit
- Clean fuel production credit

The impact of these provisions depends on the extent to which apprenticeship and pre-apprenticeship programs are in place, contractors paying prevailing wages are available, and businesses choose to seek the higher incentive by using these contractors and programs.



In other words, these enhanced incentives will not be claimed if businesses and individuals cannot access the kinds of services and materials necessary to qualify. Where these programs are not yet in place, local governments can play a catalytic role in engaging with industry partnerships, a labor-management organization, or community colleges to expand training opportunities that align with the entry requirements of registered apprenticeship programs. Local governments can also lead by example by entering into community benefits agreements that increase the participation of underrepresented groups in the workforce and increase contracting opportunities for minority and disadvantaged business enterprises (MBEs and DBEs).

Local governments can also build an understanding of the types and quantities of jobs likely to be created by local climate priorities. For example, they might conduct a landscape analysis to explore questions such as:¹

- Do pre-apprenticeship programs that feed the clean energy trades have sufficient capacity?
- What does the diversity in the building trades workforce look like today? What is the gap?
- What skills and qualifications are necessary? Do local programs (incentives/rebates) require those skills and qualifications to guarantee quality projects and jobs?

This analysis should include the jurisdiction's current policy/regulatory requirements for diversity and inclusion in its procurement and workforce. It should also look at the local workforce and contractor supply, including the diversity of technical building trades.

IRA INCENTIVES SUPPORT GOOD, QUALITY JOBS

Prevailing wage requirements are established by the U.S. Department of Labor for each geographic region and represent the hourly rate paid to employees holding comparable jobs in that area. Prevailing wage requirements ensure employers do not undercut job markets, leveling the playing field for employees and employers alike. However, these requirements alone are not sufficient to address racial pay gaps, and cities can help build on-ramps to diversify trades with targeted recruiting and inclusive training programs.

The IRA apprenticeship criteria require that employers allocate between 10 and 15 percent of the hours worked on the project to participants in a registered apprenticeship program. These programs are often established by industry partnerships, a labor-management organization, or community colleges. Apprentices in registered programs generally do not take on debt to participate, greatly expanding access, and these programs can be a key strategy in diversifying the workforce and improving access to quality jobs.

¹ Source: Emerald Cities Collaborative and Inclusive Economics, "Building Performance Standards: A framework for equitable policies to address existing buildings." (URL: www.usdn.org/projects/building-performance-standards.html)

2

STRATEGIC ROLES FOR LOCAL GOVERNMENTS

TAKEAWAYS

- To maximize the impacts of the IRA, mayors and local leaders should ensure that their departments and agencies are working together effectively and prepared to play several roles beyond funding recipient and program administrator, including convening, partnering with, and supporting organizations and businesses to access IRA resources.
- To leverage the different types of funding being made available through the IRA, local governments will play a key role in maximizing impact by collaborating with tribal and state governments, actively supporting and partnering with community-based environmental justice organizations, and engaging with the private sector.

The Inflation Reduction Act creates powerful new incentives and directs resources through multiple mechanisms and multiple entities, including public agencies, private businesses, non-profit and community-based organizations, and individuals. Local governments are eligible for certain programs that create novel opportunities for cities like reconnecting neighborhoods divided by highways, reducing greenhouse gas emissions and air pollution in low-income communities, or purchasing zero-emission heavy-duty vehicles. The majority of funding, however, will flow as tax credits to businesses and individuals, creating new opportunities for local governments to engage with, support, and complement the activities of others.

To maximize the impacts of the IRA—locally and in aggregate—local governments should play the following roles:

- **APPLY** for funding that is directly available to local governments.
- **PROTECT** against detrimental impacts of new or continuing fossil-fuel facilities.
- **SUPPORT & PARTNER** with frontline communities and community-based organizations to center their priorities and secure resources.
- **ASSIST** businesses and individuals to access new tax credits and higher incentives by fostering economic inclusion and workforce development.
- **STREAMLINE** permitting processes and train staff to remove obstacles to installation of renewable energy systems, vehicle charging infrastructure, and highly efficient equipment.
- **ENGAGE & COORDINATE** across jurisdictions regionally and with states, tribes, utilities, and ports.

Local governments are not the only entity that can play these more expansive roles: many cities have active and effective community and business organizations that can be powerful conveners and foster collaboration. But cities hold a unique role as the level of government closest to people, grounded in place, and able to connect to their residents, businesses, and anchor institutions. By demonstrating a willingness to bring to the table their unique authorities, resources, and access, local leaders can facilitate collaboration.

APPLY for funding that is directly available to local governments

The IRA funds more than a dozen new programs for which local governments are directly eligible to apply, ranging from assistance in adopting

building codes to air pollution monitoring to implementing greenhouse gas reduction investments in disadvantaged communities. Mayors and city leaders can convene federal funding work groups or workshops to assess where the IRA and federal grant opportunities align with city priorities and designate clear roles and decision-making processes.

In most cases, states and tribal governments are also able to seek these funds, creating the potential for competition as well as for collaborative approaches. The IRA also creates or modifies tax credits for clean electricity, efficient buildings, and clean vehicles to enable local governments to receive the financial benefits, even as non-tax-paying entities.

Together, programs directly available to local governments total \$47 billion.

LOCAL, STATE, AND TRIBAL GOVERNMENTS AND NONPROFITS ARE NOW DIRECTLY ELIGIBLE FOR MANY ENERGY TAX CREDITS

The IRA includes a landmark provision (section 13801) that enables non-tax-paying entities to access the financial benefit of many of the clean energy tax credits through an “elective payment of applicable credits.” This provision is available to state, local, and tribal governments and all tax-exempt organizations and directs the Department of the Treasury to create a process for these entities to claim a refund. The provision applies to the IRA tax credits for, among others:

- Clean electricity production tax credit (e.g., solar and wind)
- Clean electricity investment tax credit

- Commercial clean vehicles credit
- Alternative fuel vehicle refueling property credit
- Clean fuel production credit
- Advanced energy project credit

In most cases, the tax credits will become available to these non-tax-paying entities beginning January 1, 2023 and will continue for 10 years. To qualify for most of these credits also requires achieving minimum thresholds of domestically sourced components and materials, which phase in over time.

PROTECT against detrimental impacts of new and existing fossil-fuel facilities

While many IRA provisions take sweeping steps toward a cleaner, safer energy system, other funding in the bill will flow to coal, oil and gas operations that can exacerbate pollution hot spots and harm already overburdened communities.

Local governments can work to build long-term relationships with environmental justice communities to help identify facilities of concern, listen and call attention to community concerns, and engage with business owners, facility operators, and regulators to reduce the impacts of continued or new operations.

In some cases, they may want to consider legal action to protect their communities.

SUPPORT and PARTNER with frontline communities and community-based organizations to secure resources

The IRA provides \$3 billion each to two new programs, Environmental and Climate Justice Block Grants and Neighborhood Access and Equity Grants, specifically to fund community-based organizations directly or in partnership with local governments.

Local governments can raise awareness of these opportunities and build city staff capacity to partner with frontline communities to support community organizations’ priorities, provide direct support when asked, and champion local organizations’ applications for direct funding.



ASSIST businesses and individuals to access new tax credits

The largest pools of IRA funding are for tax credits to spur production and use of low-carbon technologies. Biggest of all are tax credits for the production of clean electricity (\$177 billion), with about \$40 billion each for manufacturing, clean vehicles, and housing/commercial buildings and equipment. These financial incentives are large, varied, and far-reaching, and local governments can increase uptake by linking new or existing local programs to the new tax credits and assisting and educating local businesses and residents on how to access the incentives.

Targeted assistance will be essential to ensuring that these tax credits benefit those who need them the most.

STREAMLINE permitting processes and train staff to remove obstacles to installation of renewable energy systems, vehicle charging infrastructure, and highly efficient equipment

Many IRA provisions reduce the net cost of installing low-carbon energy systems at residences, commercial buildings, and industrial facilities. This includes renewable energy and battery storage systems, electric vehicle chargers, and highly efficient heat pumps, all of which generally require some form of city-issued permit and review process. The “hassle factor” is a significant barrier to many prospective candidates to install these systems and especially to residents or businesses not accustomed to navigating city processes.

Streamlining permit processes and training staff on these newer technologies is an essential and unique local government role in improving the accessibility of increasingly affordable low-carbon solutions.

ENGAGE and COORDINATE across jurisdictions regionally and with states, tribes, utilities, and ports

Coordination among jurisdictions and with other public institutions is crucial. Because many of the sectors the IRA provisions seek to influence function at the regional scale—such as housing, contractors, equipment suppliers—alignment and coordination with neighboring jurisdictions is a key opportunity. In addition, states, tribes, utilities, and port authorities will have access to major new funding streams through the IRA. Five IRA programs totaling \$500 million are dedicated to funding tribes to carry out resilience and clean energy projects, including raising the loan authorization for tribal energy self-sufficiency projects from \$2 billion to \$20 billion. For states, this includes creating programs to administer rebates for energy efficient housing and equipment; utilities will be able to access large incentives for clean electricity production, transmission, and storage; and a new \$3 billion program will fund air pollution reductions at ports.

In each case, states, tribes, utilities, and ports will make consequential decisions about program and project selection and design, and local governments can both engage directly with these decision makers and advocate for transparent, inclusive processes that bring historically marginalized groups to the decision-making table.

In many instances local governments will play more than one of these roles in a given situation, and in some circumstances they have other roles entirely—when they themselves are a decision-maker in issuing permits for an infrastructure project, for example. Local governments can exercise a wide range of influence, and they sometimes create the largest impacts when working beyond the spheres where they hold direct authority.

The multi-pronged nature of the IRA creates a dynamic set of opportunities for local governments and their partners, and local elected officials should set local priorities with community, build strategic relationships and support staff with internal coordination and collaboration.

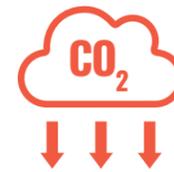


3

INFLATION REDUCTION ACT FUNDING BY ISSUE

Because IRA funding addresses local climate-related priorities through multiple agencies, programs, and sectors, it can be useful to see all the funding streams simultaneously. The visuals below offer an at-a-glance overview of the IRA provisions that relate to each of the following local government climate priorities, illustrating how and where funding is being made available.

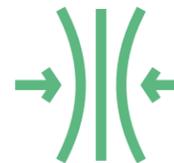
Each graphic gives a starting picture of the programs in each issue area that might be connected to create synergies and which entities may have a role to play in bringing together program streams. At the same time, these visuals are necessarily a simplification, since eligibility of applicants and uses often span the categories used here, and the graphics should be considered an initial reference, with important details contained in the program summaries in Section 4 as well as in the existing array of federal, state, local, and utility programs.



**AIR QUALITY
AND GREENHOUSE
GAS REDUCTION**



HOUSING



RESILIENCE



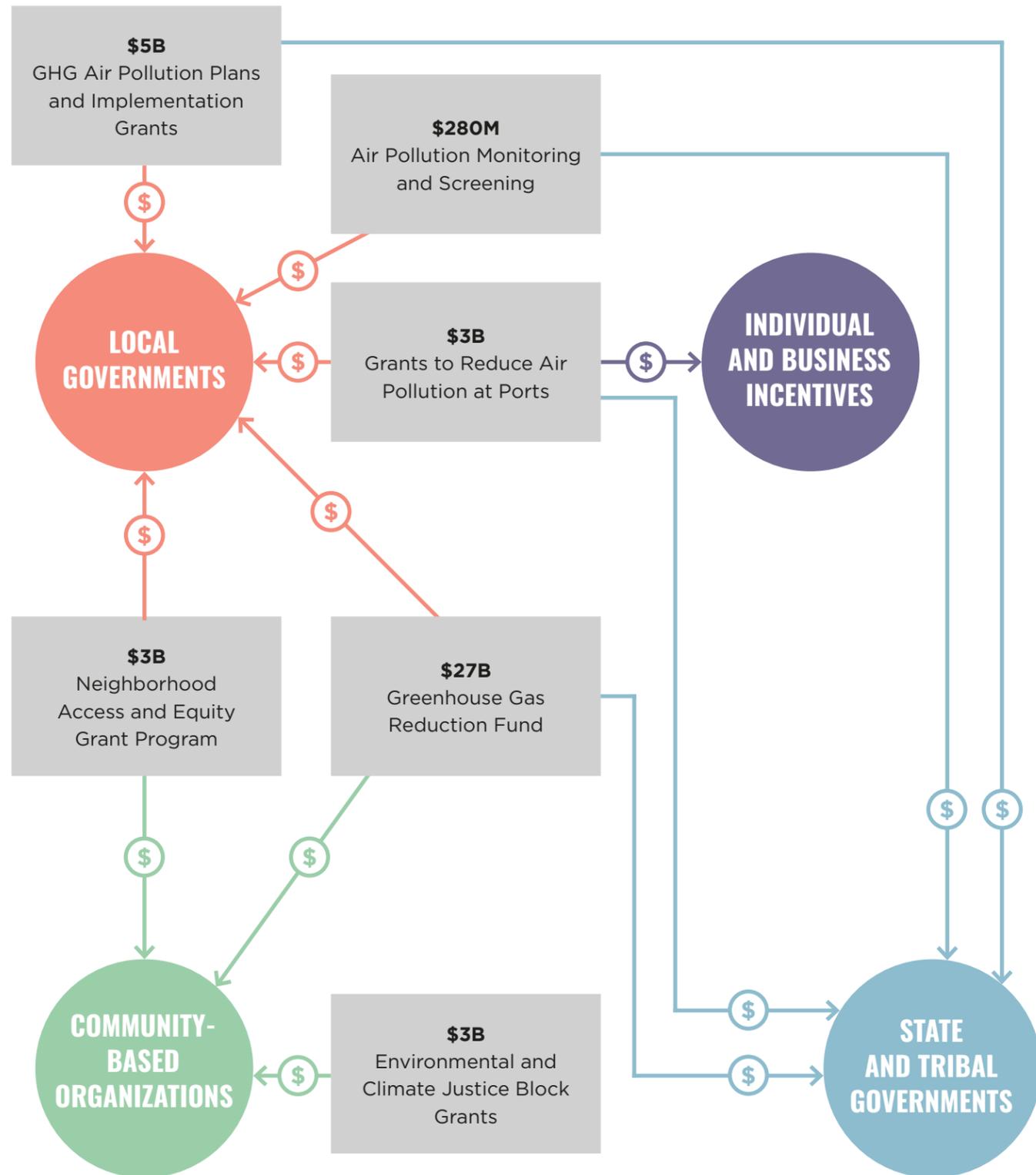
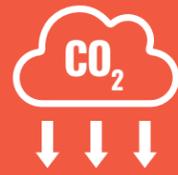
CLEAN VEHICLES



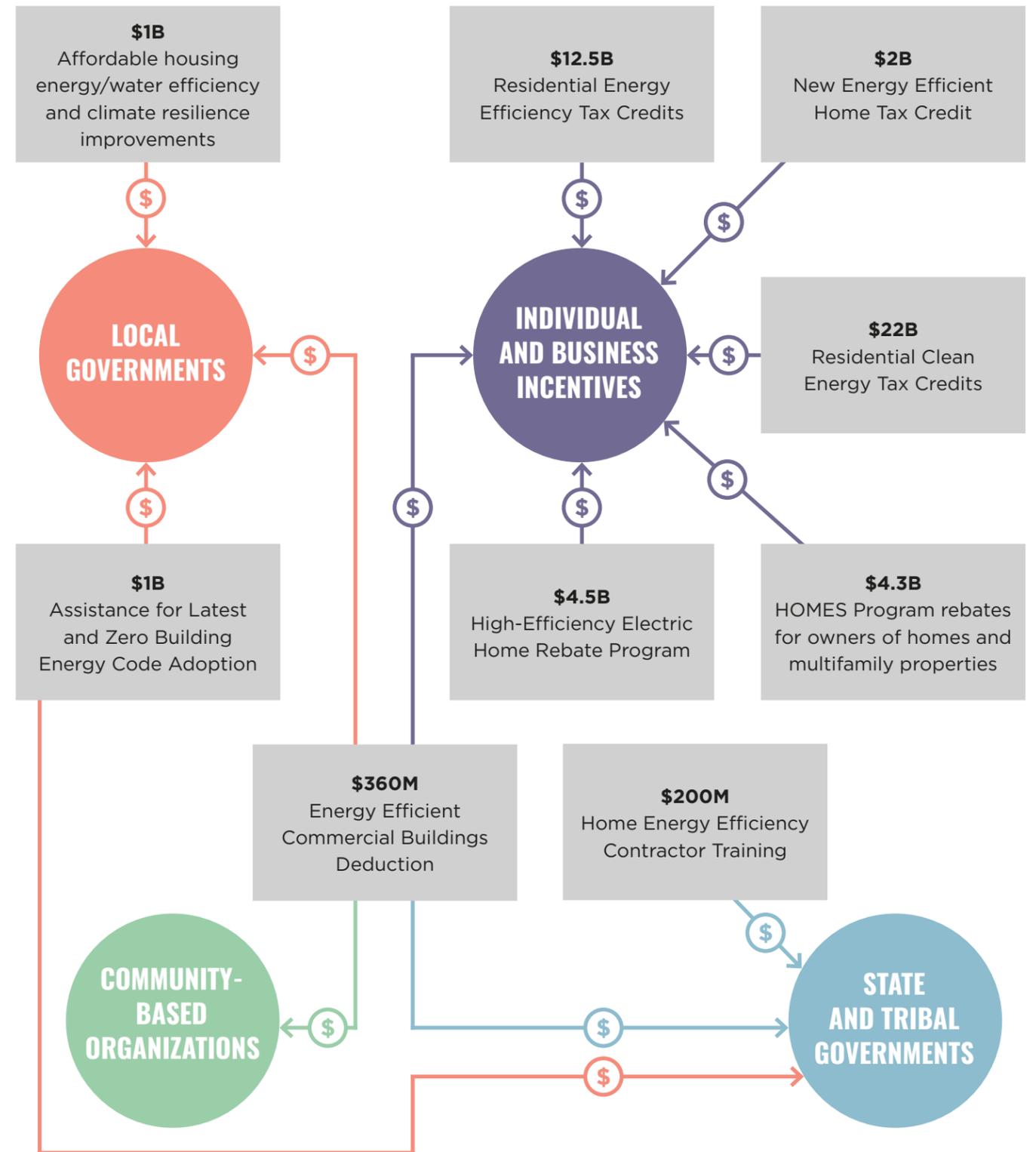
**WORKFORCE
DEVELOPMENT**



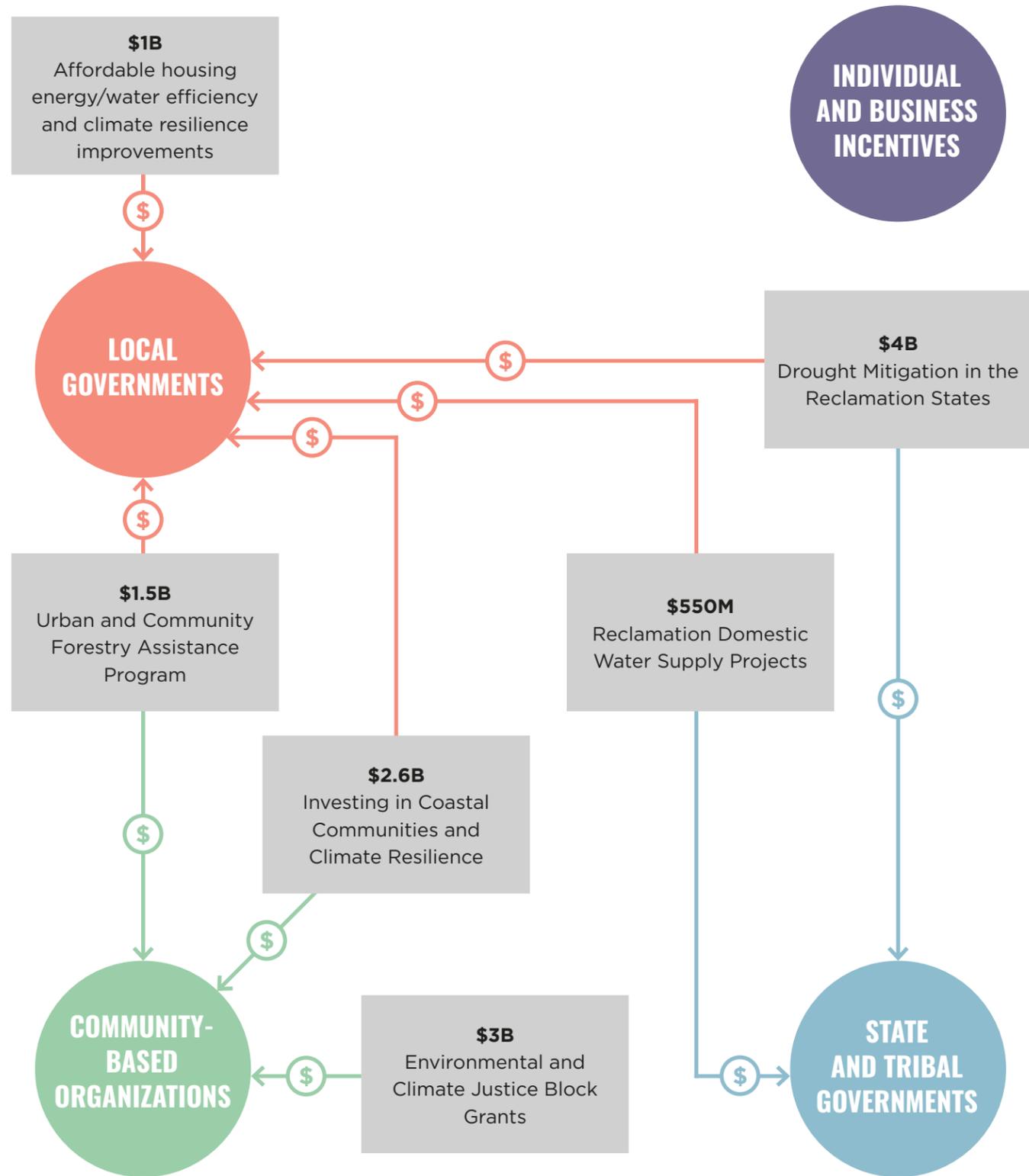
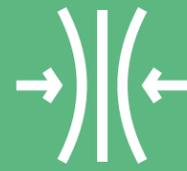
AIR QUALITY & GREENHOUSE GAS REDUCTION



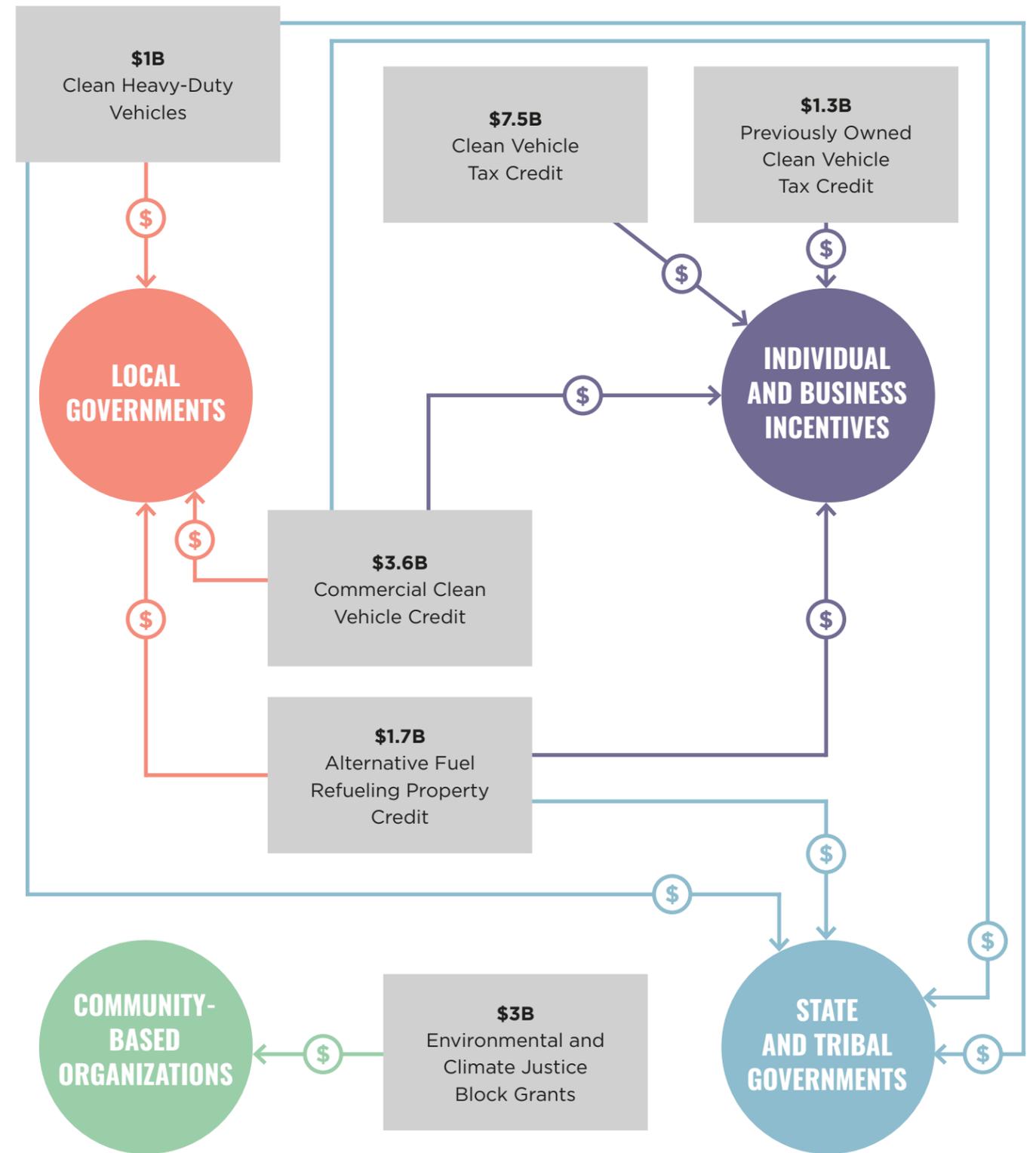
HOUSING AND COMMERCIAL BUILDINGS



RESILIENCE



CLEAN VEHICLES

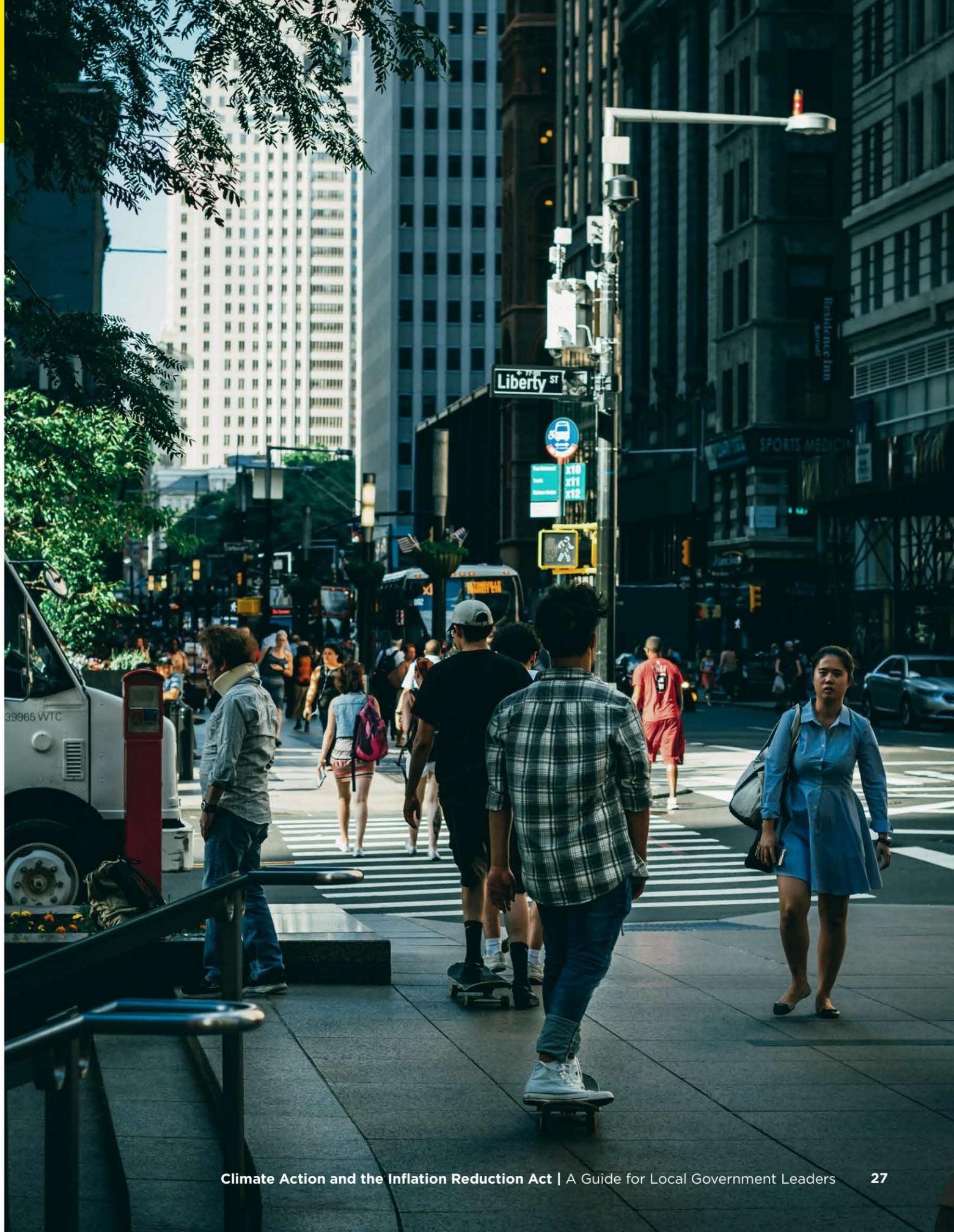
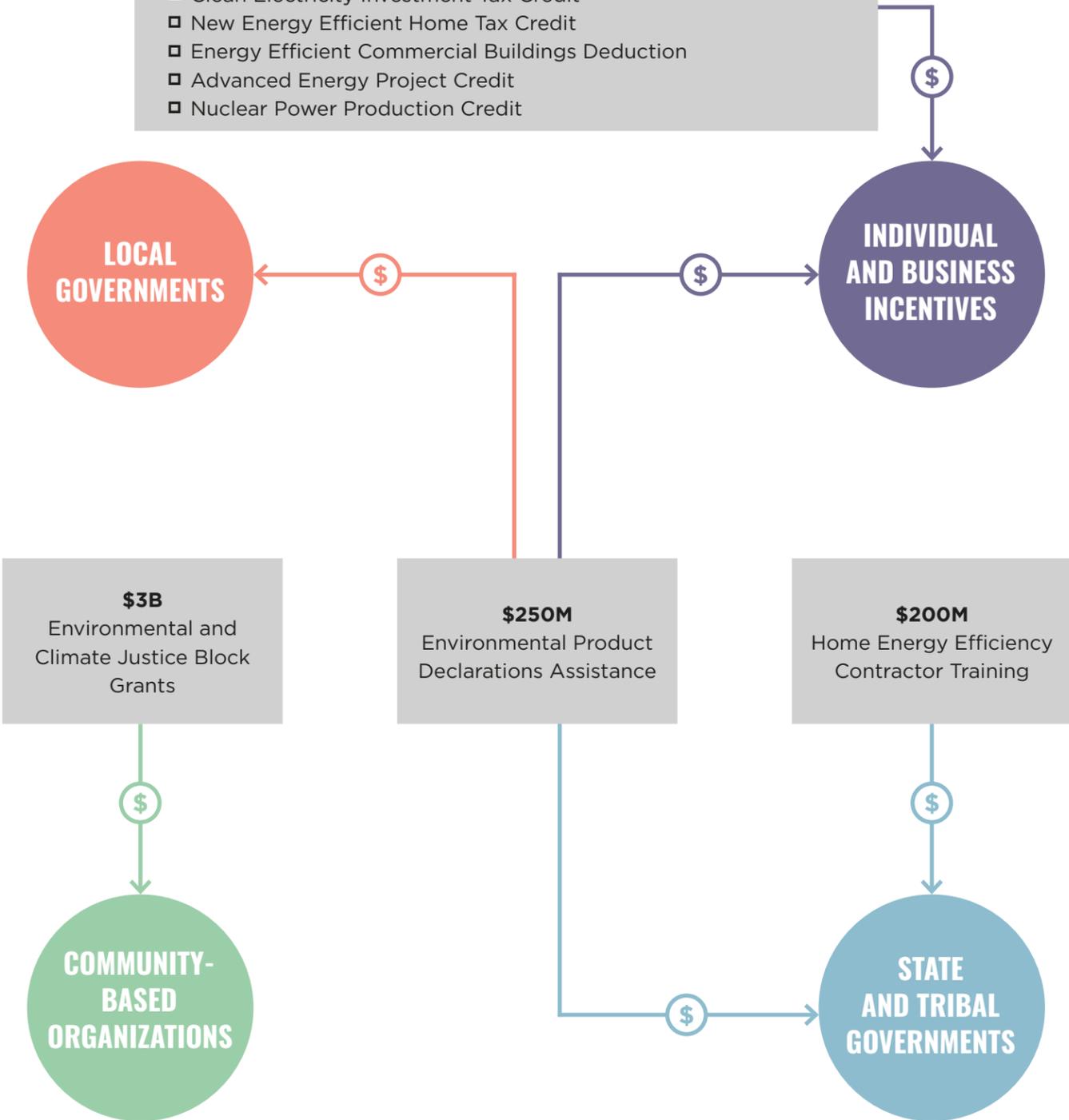


WORKFORCE DEVELOPMENT



Incentives are increased five-fold if prevailing wage and apprenticeship requirements are met for various IRA provisions, including:

- ▣ Clean Electricity Production Tax Credit
- ▣ Clean Electricity Investment Tax Credit
- ▣ New Energy Efficient Home Tax Credit
- ▣ Energy Efficient Commercial Buildings Deduction
- ▣ Advanced Energy Project Credit
- ▣ Nuclear Power Production Credit



4

INFLATION REDUCTION ACT PROVISIONS RELATED TO LOCAL GOVERNMENT CLIMATE ACTION

For each of the IRA provisions that relate to local government climate priorities, this section details how much funding is available, who can access it, how it can be used, how it connects to environmental justice, and what roles local governments might play.

The table that begins on the following page provides basic information about each program; in the electronic version, the title of each program links to a dedicated page later in this document with specifics about program features and suggested local governments roles.

Like the diagrams in section 3 above, programs in the table are organized into five categories of local climate action:

AIR QUALITY AND GREENHOUSE GAS REDUCTION

HOUSING

RESILIENCE

CLEAN VEHICLES

WORKFORCE DEVELOPMENT

Many programs address multiple issues or can be used for a range of projects. For simplicity, they are organized here by their primary application, but note that nearly every program creates opportunities to advance workforce development and economic inclusion.



TITLE (SECTION IN THE LAW)	AMOUNT	MECHANISM	FOCUS AREA	WHO IS ELIGIBLE?	AGENCY	TIMEFRAME FOR NEXT STEPS
<u>GHG Air Pollution Plans & Implementation Grants (\$60114)</u>	\$5 billion	Grants	Cross-cutting	State, municipal, and tribal governments	EPA	Spring 2023
<u>GHG Reduction Fund (\$60103)</u>	\$27 billion	Grants and loans	Cross-cutting	State and local governments, non-profit financial institutions	EPA	Spring 2023
<u>Environmental and Climate Justice Block Grants (\$60201)</u>	\$3 billion	Grants	Cross-cutting	Community-based non-profit organizations, including partnerships with local and tribal governments or universities	EPA	Not specified
<u>Air Pollution Monitoring & Screening (\$60105)</u>	\$280 million	Grants	Air pollution	State, local, and tribal governments	EPA	Not specified
<u>Grants to Reduce Air Pollution at Ports (\$60102)</u>	\$3 billion	Grants	Air pollution at ports	Ports and state, local, tribal governments with jurisdiction over ports	EPA	Not specified
<u>Neighborhood Access and Equity Grant Program (\$60501)</u>	\$3 billion	Grants	Transportation	State and local governments, metropolitan planning organizations	DOT	Not specified
<u>Clean Electricity Production Tax Credit (\$13101 and \$13701)</u>	\$62 billion (estimated but uncapped)	Tax credits	Electricity generation	Electricity producers, including municipal electric utilities and other non-tax paying entities	Treasury	Extension is immediate; significant modifications take effect in 2025
<u>Clean Electricity Investment Tax Credit (\$13102 and \$13702)</u>	\$65 billion (estimated but uncapped)	Tax credits	Electricity generation	Individuals, businesses, and non-tax paying entities who invest in clean-electricity projects	Treasury	Extension is immediate; significant modifications take effect in 2025

TITLE (SECTION IN THE LAW)	AMOUNT	MECHANISM	FOCUS AREA	WHO IS ELIGIBLE?	AGENCY	TIMEFRAME FOR NEXT STEPS
<u>Environmental Product Declarations Assistance (\$60112)</u>	\$250 million	Grants	Construction material manufacturers	Businesses, states, local, and tribal governments, and non-profit organizations	EPA	Not specified
<u>Home Owner Managing Energy Savings (HOMES) Program (\$50121)</u>	\$4.3 billion	Rebates	Housing energy retrofits	Individuals and owners of multifamily buildings; administered by State Energy Offices	DOE	DOE must approve state plans by August 2024
<u>High-Efficiency Electric Home Rebate program (\$50122)</u>	\$4.5 billion	Rebates	Housing electrification	Individuals and owners of multifamily buildings; administered by State Energy Offices	DOE	DOE must approve state plans by August 2024
<u>Residential Energy Efficiency Tax Credit (\$13301)</u>	\$12.5 billion (estimated but uncapped)	Tax credits	Housing energy retrofits	Individuals who install energy upgrades in their primary residence	Treasury	Effective 2023
<u>Residential Clean Energy Tax Credit (\$13302)</u>	\$22 billion (estimated but uncapped)	Tax credits	Housing energy systems	Individuals who install renewable energy systems	Treasury	Effective immediately (except addition of battery storage takes effect in 2023)
<u>New Energy Efficient Home Tax Credit (\$13304)</u>	\$2 billion (estimated but uncapped)	Tax credits	New housing	Contractors who build energy-efficient new houses or multifamily housing	Treasury	Extension effective immediately; new eligibility and higher incentives take effect in 2023
<u>Improving energy or water efficiency or climate resilience of affordable housing (\$30002)</u>	\$1 billion (loans up to \$4 billion)	Grants and loans	Affordable housing	Owners of public or affordable housing	HUD	Not specified
<u>Energy efficient commercial buildings deduction (\$13303)</u>	\$360 million (estimated but uncapped)	Tax credits	Commercial buildings	Owners of commercial buildings, including non-tax-paying entities	Treasury	Higher incentive levels take effect 2023
<u>Assistance for Latest and Zero Building Energy Code Adoption (\$50131)</u>	\$1 billion	Grants	Building code adoption	State and local governments that have authority to adopt codes	DOE	Not specified (states to submit plans)

TITLE (SECTION IN THE LAW)	AMOUNT	MECHANISM	FOCUS AREA	WHO IS ELIGIBLE?	AGENCY	TIMEFRAME FOR NEXT STEPS
<u>Urban and Community Forestry Assistance Program (\$23003)</u>	\$1.5 billion	Grants	Forestry	State, local, and tribal governments or nonprofits	Forest Service	Not specified, but annual grant solicitation expected spring 2023
<u>Investing in Coastal Communities and Climate Resilience (\$40001)</u>	\$2.6 billion	Grants	Coastal resilience	Coastal and Great Lakes states, local, and tribal governments, nonprofits, universities	NOAA	Not specified
<u>Reclamation Domestic Water Supply Projects (\$50231)</u>	\$550 million	Grants	Water supply infrastructure	Not specified but will likely include local drinking water suppliers	DOI	Not specified
<u>Drought Mitigation in the Reclamation States (\$50233)</u>	\$4 billion	Grants	Water use reduction projects and programs	Public entities in AZ, CA, CO, ID, KS, MT, NE, NM, NV, ND, OK, OR, SD, UT, WA, WY	DOE	Not specified



TITLE (SECTION IN THE LAW)	AMOUNT	MECHANISM	FOCUS AREA	WHO IS ELIGIBLE?	AGENCY	TIMEFRAME FOR NEXT STEPS
<u>Clean Heavy-Duty Vehicles (\$60101)</u>	\$1 billion	Grant	Electric and zero emission vehicles	State, local, and tribal governments; school districts and school transportation authorities	EPA	Spring 2023
<u>Clean Vehicle Tax Credit (\$13401)</u>	\$7.5 billion (estimated but uncapped)	Tax credits	Electric and zero emission vehicles	Individuals	Treasury	Most provisions take effect in 2023
<u>Credit for Previously Owned Clean Vehicles (\$13402)</u>	\$1.3 billion (estimated but uncapped)	Tax credits	Electric and zero emission vehicles	Individuals	Treasury	Available starting in 2023
<u>Commercial Clean Vehicles (\$13403)</u>	\$3.6 billion (estimated but uncapped)	Tax credits	Electric and zero emission vehicles	Business and non-tax-paying entities, including municipalities	Treasury	Available starting in 2023
<u>Tax credit for alternative refueling property (\$13404)</u>	\$3.6 billion (estimated but uncapped)	Tax credits	Electric and zero emission vehicle charging/refueling systems	Business, individuals, and non-tax-paying entities, including municipalities	Treasury	Available starting in 2023
<u>Home Energy Efficiency Contractor Training (\$50123)</u>	\$200 million	Grants	Workforce development	State energy offices	DOE	Not specified

GHG AIR POLLUTION PLANS AND IMPLEMENTATION GRANTS



FUNDING	ELIGIBILITY	AGENCY AND PROCESS
\$5 billion over 5 years	State, municipal, and tribal governments and air agencies	EPA <i>Funding opportunity announcement expected spring 2023</i>

DESCRIPTION

Competitive grants for planning or implementation of initiatives that reduce GHGs in low-income and disadvantaged communities.

KEY FEATURES

- Funding proposals are required to estimate GHG reduction overall and in terms of low-income and disadvantaged communities.
- \$250 million is available for developing a plan to reduce GHGs, with at least one planning grant to be awarded in each state.
- Funding for planning grants is available for 10 years; implementation grants will be awarded within five years.

OPPORTUNITIES FOR ENVIRONMENTAL JUSTICE

Engage with public agencies that are eligible to apply to identify priority communities, activities, and processes to contribute to development and implementation of a proposal.

POTENTIAL LOCAL GOVERNMENT ROLES

- Engage underserved communities and community-based organizations (CBOs) to understand priorities and explore partnerships.
- Apply for funding.

GREENHOUSE GAS REDUCTION FUND



FUNDING	ELIGIBILITY	AGENCY AND PROCESS
\$27 billion over 2 years	State, local, and tribal governments and non-profit financing organizations	EPA <i>Funding availability notice expected Q1 2023</i>

DESCRIPTION

Competitive grants to establish or expand financial institutions that support GHG-reduction and zero-emission projects, with a majority of funds devoted to benefiting low-income and disadvantaged communities.

KEY FEATURES

- Funding recipients will provide grants, loans, and other financial or technical assistance to support GHG-reduction activities and zero-emission technologies; they will prioritize “qualified projects that would otherwise lack access to financing.”
- \$7 billion is designated to support states, municipalities, tribal governments, and non-profit financial institutions to make grants and loans for zero-emissions technologies in low-income and disadvantaged communities.
- \$20 billion is designated for non-profit financial organizations such as community development financial institutions (CDFIs), credit unions, and green banks to provide loans and grants to GHG- and air pollution-reduction programs. \$8 billion of the \$20 billion is explicitly targeted to low-income and disadvantaged communities.

OPPORTUNITIES FOR ENVIRONMENTAL JUSTICE

\$15 billion of the funding is explicitly designated to provide financial and technical assistance to low-income and disadvantaged communities. The remaining \$12 billion could also flow to these communities.

POTENTIAL LOCAL GOVERNMENT ROLES

- Engage with existing non-profit and state/local financing agencies to explore opportunities that could be supported by this funding, including CDFIs, green banks, credit unions, minority depository institutions, and housing finance agencies.
- Establish or re-focus financing programs to be able to access these funds to advance local priorities.

ENVIRONMENTAL AND CLIMATE JUSTICE BLOCK GRANTS



FUNDING	ELIGIBILITY	AGENCY AND PROCESS
\$3 billion over 5 years	Community-based organizations (CBOs) or partnerships between CBOs and local or tribal governments or universities	EPA <i>No specified timeline for funding notice</i>
<p>DESCRIPTION</p> <p>Grants to community-based organizations (CBOs) or partnerships between CBOs and local or tribal governments or universities for:</p> <ul style="list-style-type: none"> Community-led air pollution reduction initiatives, investments in climate resilience, reducing health risks from climate impacts, GHG emissions reduction, improving indoor air quality, and engaging disadvantaged communities. 		
<p>KEY FEATURES</p> <ul style="list-style-type: none"> Grants can be for up to three years. Activities must benefit “disadvantaged communities,” to be defined by the EPA Administrator. \$200 million in technical assistance will be available. 		
<p>OPPORTUNITIES FOR ENVIRONMENTAL JUSTICE</p> <p>The ability of community-based organizations to receive direct federal funding that must benefit disadvantaged communities is a landmark opportunity to advance locally determined climate equity priorities.</p>		
<p>POTENTIAL LOCAL GOVERNMENT ROLES</p> <ul style="list-style-type: none"> Convene community-based organizations to understand priorities and explore potential partnerships. Offer training and support in the funding application and reporting process. Apply for funding directly as part of a partnership. 		

AIR POLLUTION MONITORING AND SCREENING

FUNDING	ELIGIBILITY	AGENCY AND PROCESS
\$280 million over 10 years	State, local, and tribal governments and clean air agencies	EPA <i>No specified timeline for funding notice</i>
<p>DESCRIPTION</p> <p>Grants to install and maintain air quality monitoring equipment.</p>		
<p>KEY FEATURES</p> <ul style="list-style-type: none"> Available funding includes \$118 million for fenceline monitoring (i.e., detecting fugitive pollutants leaving a site), \$50 million for multi-pollutant monitoring stations, \$15 million for reducing pollution from wood heaters, and \$3 million for air quality sensors in low-income or disadvantaged communities. 		
<p>OPPORTUNITIES FOR ENVIRONMENTAL JUSTICE</p> <p>Identify neighborhoods and facilities of concern and prioritize overburdened communities.</p>		
<p>POTENTIAL LOCAL GOVERNMENT ROLES</p> <ul style="list-style-type: none"> Engage and partner with communities exposed to higher levels of pollution, identify priority concerns, and build in mechanisms for monitoring, evaluation, and accountability to community. Seek funding directly or in partnerships. 		

GRANTS TO REDUCE AIR POLLUTION AT PORTS



FUNDING	ELIGIBILITY	AGENCY AND PROCESS
\$3 billion over 5 years	Port authorities, state, local, and tribal governments (that have jurisdiction over a port authority), clean air agencies, or a private entity that conducts operations at a port	EPA <i>No specified timeline for funding notice</i>
DESCRIPTION Competitive grants and rebates to reduce air pollution and GHGs from port operations.		
KEY FEATURES <ul style="list-style-type: none"> Funding is to plan for, purchase, and install zero-emission equipment at ports or to develop port climate action plans. \$750 million is designated for activities with ports in areas where air quality does not meet Clean Air Act standards. 		
OPPORTUNITIES FOR ENVIRONMENTAL JUSTICE Incorporate economic inclusion strategies and community-benefits agreements into pollution-reduction projects.		
POTENTIAL LOCAL GOVERNMENT ROLES <ul style="list-style-type: none"> Convene relevant agencies, community-based organizations, and port-related businesses to explore opportunities. Support (or, if eligible, develop) funding applications and partner to implement funded projects. 		

NEIGHBORHOOD ACCESS AND EQUITY GRANT PROGRAM



FUNDING	ELIGIBILITY	AGENCY AND PROCESS
\$3 billion over 4 years	State, metropolitan planning organizations (MPOs), local government, or a nonprofit or university working in partnership with one of these	Transportation (Federal Highway Administration) <i>No specified timeline for funding notice</i>
DESCRIPTION Competitive grants to reconnect communities that have been divided by existing transportation infrastructure barriers, to reduce impacts of transportation facilities or construction projects on disadvantaged or underserved communities, and to support equitable transportation planning and community engagement activities.		
KEY FEATURES <ul style="list-style-type: none"> Funding is intended to improve safety, affordability, and/or access and may include complete streets, natural infrastructure, capping transportation facilities, or noise barriers. Federal cost share is 80% except for projects in disadvantaged or underserved communities, in which case the federal share may be up to 100%. \$50 million will be made available for technical assistance and grants to local government for capacity building. 		
OPPORTUNITIES FOR ENVIRONMENTAL JUSTICE \$1.3 billion is designated for economically disadvantaged communities, and the remainder may also be used for planning and capacity-building activities in disadvantaged or underserved communities.		
POTENTIAL LOCAL GOVERNMENT ROLES <ul style="list-style-type: none"> Engage communities impacted by transportation infrastructure to understand priorities and explore partnerships. Convene state agencies, MPOs, and community-based organizations to develop funding proposals transparently and collaboratively. 		

CLEAN ELECTRICITY PRODUCTION TAX CREDIT (PTC)

FUNDING	ELIGIBILITY	AGENCY AND PROCESS
<p>\$62 billion (PTC) over 10 years (estimated but uncapped)</p>	<p>Electric utilities (now including municipal electric utilities and other non-tax-paying entities)</p>	<p>Treasury <i>Extension effective immediately; significant modifications take effect in 2025</i></p>
<p>DESCRIPTION Extends and modifies tax credits for producing clean electricity.</p>		
<p>KEY FEATURES</p> <ul style="list-style-type: none"> • Creates a mechanism for non-tax-paying entities to receive the financial benefit of the tax credits, if they meet requirements for domestically produced construction materials. • Lowers the base production credit by 80% but increases it five-fold if facilities meet prevailing wage and apprenticeship requirements (or if the facility is less than one megawatt). • Extends the credit to electricity generated from geothermal and solar resources. • Increases the tax credit 10% if the steel, iron, or manufactured product that built the facility was produced in the U.S. 		
<p>OPPORTUNITIES FOR ENVIRONMENTAL JUSTICE Increases the tax credit 10% if the energy-producing facility is located in areas of former coal communities, mining communities, or brownfield sites.</p>		
<p>POTENTIAL LOCAL GOVERNMENT ROLES</p> <ul style="list-style-type: none"> • Take advantage of the new financial benefit to non-tax-paying entities in new renewable electricity projects. 		

CLEAN ELECTRICITY INVESTMENT TAX CREDIT (ITC)

FUNDING	ELIGIBILITY	AGENCY AND PROCESS
<p>\$65 billion (ITC) over 10 years (estimated but uncapped)</p>	<p>Individuals, businesses, and non-tax-paying entities, including municipalities, that invest in clean electricity projects</p>	<p>Treasury <i>Extension effective immediately; significant modifications take effect in 2025</i></p>
<p>DESCRIPTION Extends and modifies tax credits for investing in clean electricity projects.</p>		
<p>KEY FEATURES</p> <ul style="list-style-type: none"> • Creates a mechanism for non-tax-paying entities to receive the financial benefit of the tax credits, if they meet requirements for domestically produced construction materials. • Lowers the base production credit by 80% but increases it five-fold if facilities meet prevailing wage and apprenticeship requirements (or if the facility is less than one megawatt). • Increases the tax credit 10% if the steel, iron, or manufactured product that built the facility was produced in the U.S. • The tax credit is also increased by 10% if the facilities are located in areas of former coal communities, mining communities, or brownfield sites. 		
<p>OPPORTUNITIES FOR ENVIRONMENTAL JUSTICE The amount of the ITC is increased by 20% for projects that are part of an affordable housing or “low-income economic benefit project,” meaning at least 50% of the financial benefits go to households with incomes of less than 200% of the poverty line or 80% of area median income. The ITC also includes an additional 10% for solar and wind facilities in low-income communities or on tribal lands.</p>		
<p>POTENTIAL LOCAL GOVERNMENT ROLES</p> <ul style="list-style-type: none"> • Take advantage of the new financial benefit to non-tax-paying entities in new renewable electricity projects. 		

ENVIRONMENTAL PRODUCT DECLARATIONS ASSISTANCE



FUNDING	ELIGIBILITY	AGENCY AND PROCESS
\$250 million over 10 years	Businesses, states, local, and tribal governments, and non-profit organizations	EPA <i>No specified timeline for funding notice</i>

DESCRIPTION

Grants to businesses for developing and verifying “environmental product declarations” of construction materials (indicating the lifecycle environmental impacts) and to states, tribes, local governments, and NGOs that support these businesses.

KEY FEATURES

- EPA will establish a program to support the standardization and use of environmental product declarations for construction materials, including the embodied energy and greenhouse gas emissions of the material.
- Grants and technical assistance will be provided to businesses that manufacture these products and to public and non-governmental entities that support the use of environmental product declarations.

OPPORTUNITIES FOR ENVIRONMENTAL JUSTICE

Support the participation of minority- and disadvantaged-business enterprises (MBEs and DBEs) in program development to ensure the resulting programs support economic inclusion.

POTENTIAL LOCAL GOVERNMENT ROLES

- Convene businesses that manufacture or distribute construction materials to explore shared approaches to expanding use of environmental product declarations.
- Apply for funding directly, in partnership, or support others’ applications.

HOME OWNER MANAGING ENERGY SAVINGS (HOMES) PROGRAM



FUNDING	ELIGIBILITY	AGENCY AND PROCESS
\$4.3 billion over 10 years	Individuals who own homes or multifamily buildings and contractors who do energy retrofits	Department of Energy <i>State Energy Offices submit plans to DOE to administer the new rebates</i>

DESCRIPTION

Formula grants to state energy offices to develop and implement a Home Owner Managing Energy Savings (HOMES) rebate program for homeowners, multifamily building owners, and contractors who reduce energy use through whole-house energy savings retrofits.

KEY FEATURES

- Each state will develop a plan for administering these rebates that it submits to the Department of Energy for approval; once approved, the rebates become available in that state.
- Rebates will be up to \$4,000 for retrofits of single-family houses with the highest rebates for larger energy savings.
- For multifamily properties, retrofits will be eligible for a rebate of \$4,000 per dwelling unit with a maximum of \$400,000 per building.
- For homes and multifamily buildings occupied by low- or moderate-income households, rebate levels are doubled.

OPPORTUNITIES FOR ENVIRONMENTAL JUSTICE

In designing their programs, states have the discretion to create programs to serve low-income households, including the flexibility to propose rebate levels for low- or moderate-income households higher than the thresholds specified in the bill.

POTENTIAL LOCAL GOVERNMENT ROLES

- Ensure that the state energy office is applying for the funding, participate in the state process to design the program, and support frontline organizations to engage as well.
- Raise awareness and provide information about the availability of the new incentives.
- Partner with local organizations to assist eligible homeowners, property managers, and contractors to access the rebates.

HIGH-EFFICIENCY ELECTRIC HOME REBATE PROGRAM



FUNDING	ELIGIBILITY	AGENCY AND PROCESS
\$4.5 billion over 10 years	Low- and moderate-income homeowners and multifamily properties with at least 50% affordable units	Department of Energy <i>State Energy Offices submit plans to DOE to administer the new rebates</i>

DESCRIPTION

Formula grants to state energy offices to carry out a rebate program for low- and moderate-income households in single- and multifamily housing to reduce their electricity use through appliance and non-appliance (e.g., insulation, wiring) upgrades.

KEY FEATURES

- Rebates will be 100% of total installed cost for households with incomes of up to 80% of area median income; for households with incomes of 80% to 150% of area median income, rebates will be 50% of total installed cost. In each case, rebates are subject to equipment and project caps.
- Rebates will be provided for heat pumps for space heating/cooling, heat pump water heaters, electric stoves and ovens, and heat pump clothes dryers.
- Rebates will be available for necessary upgrades to electric panels, wiring, and insulation and air sealing (\$1,600).
- Contractors who carry out the upgrades can receive the rebates.

OPPORTUNITIES FOR ENVIRONMENTAL JUSTICE

Build awareness of and capacity to access these rebates among owners of affordable housing and contractors who provide energy upgrades.

POTENTIAL LOCAL GOVERNMENT ROLES

- Ensure that the state energy office is applying for the funding, participate in the state process to design the program, and support frontline organizations to engage as well.
- Raise awareness and provide information about the availability of the new incentives.
- Partner with local organizations to assist eligible homeowners, multifamily property managers, and contractors to access the rebates, including providing training for contractors.

RESIDENTIAL ENERGY EFFICIENCY TAX CREDIT (25C)

FUNDING	ELIGIBILITY	AGENCY AND PROCESS
\$12.5 billion over 10 years (estimated but uncapped)	Individuals who install energy upgrades in their primary residence	Treasury <i>Effective 2023</i>

DESCRIPTION

Extends, increases, and expands homeowner tax credits for energy efficiency improvements through 2032.

KEY FEATURES

- Extends the existing tax credit for insulation, windows, air sealing, efficient water heaters, and heat pumps and increases the value of the credit from 10% to 30% of installed cost; also removes the taxpayer lifetime cap and increases the annual per-taxpayer limit from \$600 to \$1,200.
- Adds up to \$2,000 incentive for heat pumps for space heating/cooling and water heating.
- Makes home energy audits eligible for the 30% credit up to \$150.

OPPORTUNITIES FOR ENVIRONMENTAL JUSTICE

Provide or partner with organizations to offer training to minority-business enterprise (MBE) and disadvantaged business enterprise (DBE) contractors to provide the services that will enable homeowners to claim the tax credits.

POTENTIAL LOCAL GOVERNMENT ROLES

- Educate homeowners and contractors about the availability and increased value of the tax credit.
- Partner with local organizations to assist eligible homeowners, property managers, and contractors to access the rebates.

RESIDENTIAL CLEAN ENERGY TAX CREDIT (25D)

FUNDING	ELIGIBILITY	AGENCY AND PROCESS
<p>\$22 billion over 12 years (estimated but uncapped)</p>	<p>Individuals</p>	<p>Treasury <i>Effective immediately (except addition of battery storage, which begins 2023)</i></p>
<p>DESCRIPTION</p> <p>Extends, increases, and expands homeowner tax credits for on-site energy production and storage through 2034.</p>		
<p>KEY FEATURES</p> <ul style="list-style-type: none"> • Extends tax credits and increases credits for renewable energy from 26% to 30% of the cost of solar electric, solar water heating, geothermal heat pumps, certain fuel cells, and small wind turbines. • Adds battery storage to eligible technologies. 		
<p>OPPORTUNITIES FOR ENVIRONMENTAL JUSTICE</p> <p>Provide or partner with organizations to offer training to minority-business enterprise (MBE) and disadvantaged business enterprise (DBE) contractors to provide the services that will enable homeowners to claim the tax credits.</p>		
<p>POTENTIAL LOCAL GOVERNMENT ROLES</p> <ul style="list-style-type: none"> • Educate homeowners and contractors about the availability and increased value of the tax credit. • Partner with local organizations to assist eligible homeowners, property managers, and contractors to access the rebates. 		

NEW ENERGY EFFICIENT HOME TAX CREDIT (45L)

FUNDING	ELIGIBILITY	AGENCY AND PROCESS
<p>\$2 billion over 10 years (estimated but uncapped)</p>	<p>Contractors who build energy-efficient new houses or multifamily housing</p>	<p>Treasury <i>Extension effective immediately; new eligibility and higher incentives begin 2023</i></p>
<p>DESCRIPTION</p> <p>Extends and increases tax credits for new construction or major renovations of single family and multifamily homes that meet better-than-minimum-code energy standards through 2032. Multifamily properties are eligible for five times the credit if the project meets prevailing wage and apprenticeship requirements.</p>		
<p>KEY FEATURES</p> <ul style="list-style-type: none"> • \$2,500 tax credit for a house that meets Energy Star requirements or \$5,000 for a house that meets the Zero Energy Ready Homes standard. • For multifamily housing, \$500 for each unit that meets Energy Star requirements and \$1,000 for meeting Zero Energy Ready Homes standard. • For multifamily housing construction that meets prevailing wage standards, the credits are \$2,500 per Energy Star unit and \$5,000 per Zero Energy Ready Homes unit. 		
<p>OPPORTUNITIES FOR ENVIRONMENTAL JUSTICE</p> <p>Homes that qualify for the Low-Income Housing Tax Credit (LIHTC) can claim this credit without a basis adjustment-i.e., without reducing the amount of their investment eligible for the LIHTC.</p>		
<p>POTENTIAL LOCAL GOVERNMENT ROLES</p> <ul style="list-style-type: none"> • Educate contractors about the availability and increased value of the tax credit. • Partner with local organizations to assist contractors to meet prevailing wage and apprenticeship requirements to maximize the impact of the tax credits. 		

IMPROVING ENERGY OR WATER EFFICIENCY OR CLIMATE RESILIENCE OF AFFORDABLE HOUSING



FUNDING	ELIGIBILITY	AGENCY AND PROCESS
\$1 billion over 6 years	Owners of public or affordable housing properties	Housing and Urban Development <i>Process to be determined by HUD</i>

DESCRIPTION

Grants and loans to affordable housing properties to improve energy or water efficiency, indoor air quality, address climate resilience, or install low/zero emission energy technologies, including energy storage.

KEY FEATURES

- HUD has the discretion to use this funding for direct loans, grants, and to subsidize up to \$4 billion in loans.
- In addition to funding the implementation of energy, water, or climate improvements, \$43 million will fund energy and water performance assessments of properties eligible to receive grants or loans.

OPPORTUNITIES FOR ENVIRONMENTAL JUSTICE

Funding can be used for a wide variety of resilience and sustainability improvements in affordable housing.

POTENTIAL LOCAL GOVERNMENT ROLES

- Access these funds for city-owned or managed affordable housing.
- Partner with local affordable housing property owners to access the grants and loans.

ENERGY EFFICIENT COMMERCIAL BUILDINGS DEDUCTION (179D)

FUNDING	ELIGIBILITY	AGENCY AND PROCESS
\$360 million over 10 years (estimated but uncapped)	Owners of commercial buildings, including non-tax-paying entities	Treasury <i>Higher incentive levels take effective in 2023</i>

DESCRIPTION

Provides tax credits to commercial buildings (including municipally owned) that reduce energy use intensity by at least 25%, with five times the credit if the project meets prevailing wage/apprenticeship requirements.

KEY FEATURES

- Local governments and other tax-exempt entities can receive financial benefits from the tax credit, which can be taken by the project designer.
- Tax credit is for 50 cents per square foot for a 25% reduction in energy use and higher amounts for bigger savings up to a maximum of \$1/square foot.
- For projects that pay prevailing wage rates and meet apprenticeship requirements, the incentives start at \$2.50 per square foot and increase for deeper energy savings up to a maximum of \$5/square foot.

OPPORTUNITIES FOR ENVIRONMENTAL JUSTICE

Support apprenticeship programs and pipelines and work with contractors to receive the increased incentives by meeting prevailing wage and apprenticeship requirements.

POTENTIAL LOCAL GOVERNMENT ROLES

- Partner with local organizations to assist contractors to meet prevailing wage and apprenticeship requirements to maximize the impact of the tax credits.
- Retrofit municipally owned buildings and receive financial benefit from the tax credit, which can be claimed by the project designer.

ASSISTANCE FOR LATEST AND ZERO BUILDING ENERGY CODE ADOPTION



FUNDING	ELIGIBILITY	AGENCY AND PROCESS
\$1 billion over 7 years	States and local governments that adopt building codes	Department of Energy <i>State Energy Offices submit plans to DOE to support new building codes</i>

DESCRIPTION

Grants to assist states and local governments (that have the authority to do so) to adopt, implement, and support compliance with new and high-performance residential and commercial building codes.

KEY FEATURES

- Funding support is for codes that meet or exceed recent model standards and specifically the 2021 International Energy Conservation Code (IECC) for residences or ASHRAE 90.1-2019 standard for commercial building construction.
- There is no state cost share requirement (in contrast to past federal funding to support state/local building code adoption).

OPPORTUNITIES FOR ENVIRONMENTAL JUSTICE

Engage with building codes agencies to carry out trainings and outreach to minority- and disadvantaged-business enterprises (MBEs and DBEs) and small contractors.

POTENTIAL LOCAL GOVERNMENT ROLES

- For jurisdictions that have the authority to adopt their own codes, seek funding to adopt and support compliance with the latest codes.
- For jurisdictions that are subject to statewide codes, engage with their state to support the code adoption process and explore partnerships to provide training to contractors.

URBAN AND COMMUNITY FORESTRY ASSISTANCE PROGRAM

FUNDING	ELIGIBILITY	AGENCY AND PROCESS
\$1.5 billion over 10 years	State, local, and tribal governments or non-profit organizations	Forest Service <i>No timeline specified, but annual grant solicitation expected spring 2023</i>

DESCRIPTION

Competitive grants for tree planting projects that prioritize underserved populations and areas.

KEY FEATURES

- Funding can be used to plan for, create, or manage trees, forests, and green spaces in and near cities and towns.
- IRA funding is a five-fold increase over recent funding levels.
- Secretary of Agriculture has the discretion to waive cost share requirements that have typically applied to these grants in the past.

OPPORTUNITIES FOR ENVIRONMENTAL JUSTICE

The Forest Service has adopted an Urban and Community Forestry Action Plan and goals to invest in communities disproportionately affected by environmental injustice and is seeking to make grant awards directly to community-based organizations.

POTENTIAL LOCAL GOVERNMENT ROLES

- Engage with community-based organizations to explore priorities and potential partnerships.
- Seek funding directly or in partnership.

INVESTING IN COASTAL COMMUNITIES AND CLIMATE RESILIENCE



FUNDING	ELIGIBILITY	AGENCY AND PROCESS
\$2.6 billion over 5 years	Coastal and Great Lakes states, local and tribal governments, non-profit organizations, and universities	NOAA <i>No specified timeline for funding notice</i>

DESCRIPTION

Competitive grants and direct investments to:

- support coastal community preparation for extreme weather;
- restore and protect coastal and marine resources; and
- support natural resources that sustain coastal- and marine-dependent communities.

KEY FEATURES

- NOAA has discretion to allocate funding among grants, direct expenditures, and technical assistance.

OPPORTUNITIES FOR ENVIRONMENTAL JUSTICE

Similar IJA-funded grant opportunities included a dedicated funding round for underserved communities, and NOAA may designate portions of the new IRA funding for previously underinvested communities.

POTENTIAL LOCAL GOVERNMENT ROLES

- Convene and explore partnerships with nonprofits and with public agencies.
- Engage with NOAA to communicate high-priority needs and opportunities.
- Apply for funding directly or in partnership, or support partner applications.

RECLAMATION DOMESTIC WATER SUPPLY PROJECTS



FUNDING	ELIGIBILITY	AGENCY AND PROCESS
\$550 million over 10 years	Not specified , but likely to include local governments and other entities that supply drinking water	Interior <i>No specified timeline for funding notice</i>

DESCRIPTION

Grants and financial assistance for disadvantaged communities to supply domestic water to “communities or households that do not have reliable access to domestic water supplies.”

KEY FEATURES

- Funding is for up to 100% of the cost of planning, design, and construction of the water projects.
- The definition of “disadvantaged community” and eligibility for funding will be established by the Commissioner of Reclamation.

OPPORTUNITIES FOR ENVIRONMENTAL JUSTICE

All funding is designated to support activities in “disadvantaged communities.”

POTENTIAL LOCAL GOVERNMENT ROLES

- Participate in the program development process to inform the definition of “disadvantaged community” and eligibility criteria.
- Convene and explore partnerships with non-profits and with public agencies.
- If eligible, apply for funding directly or in partnership, or support partner applications.

DROUGHT MITIGATION IN THE RECLAMATION STATES



FUNDING	ELIGIBILITY	AGENCY AND PROCESS
\$4 billion over 5 years	Public entities in AZ, CA, CO, ID, KS, MT, NE, NM, NV, ND, OK, OR, SD, UT, WA, and WY	Interior <i>No specified timeline for funding notice</i>

DESCRIPTION

Grants to public entities for water conservation, drought prevention, and habitat restoration (to mitigate effects of drought) in the “reclamation states,” identified in eligibility above.

KEY FEATURES

- Funding can be used to compensate for voluntary reduction in water use or for ecosystem and habitat restoration projects that mitigate effects of drought.
- Priority will be given to the Colorado River Basin and other basins experiencing similar levels of long-term drought.

OPPORTUNITIES FOR ENVIRONMENTAL JUSTICE

Elevate the perspectives of frontline communities with the Commissioner of Reclamation, who has considerable discretion in developing program priorities and processes.

POTENTIAL LOCAL GOVERNMENT ROLES

- Engage with the Bureau of Reclamation to inform the program development process and support similar participation by community-based organizations.
- Convene and explore partnerships with nonprofits and with public agencies.
- Apply for funding directly or in partnership, or support partner applications.

CLEAN HEAVY-DUTY VEHICLES



FUNDING	ELIGIBILITY	AGENCY AND PROCESS
\$1 billion over 10 years	State, municipal, and tribal governments, school transportation associations, and contractors providing transportation services to these entities	EPA <i>Funding availability notice expected Q1 2023</i>

DESCRIPTION

Grants and rebates for the incremental cost of purchasing zero-emission heavy-duty vehicles and installing the infrastructure to charge/fuel the vehicles.

KEY FEATURES

- Funding can be used for the incremental cost of zero-emission vehicle purchases.
- Funding can support workforce development and training for the maintenance, charging, fueling, and operation of zero-emission vehicles.
- Eligible uses also include up to 100% of the cost of acquiring, installing, maintaining and operating fueling/charging infrastructure.
- \$400 million is designated for areas where air quality does not meet Clean Air Act standards.

OPPORTUNITIES FOR ENVIRONMENTAL JUSTICE

Prioritize replacement of diesel school buses serving low-income schools and city-owned vehicles that routinely operate in communities disproportionately exposed to air pollution.

POTENTIAL LOCAL GOVERNMENT ROLES

- Convene and explore partnerships with school districts and public agencies.
- Apply for funding directly or in partnership, or support partner applications.

CLEAN VEHICLE TAX CREDIT (30D)

FUNDING	ELIGIBILITY	AGENCY AND PROCESS
\$7.5 billion over 10 years (estimated but uncapped)	Individuals	Treasury <i>Most provisions take effect in 2023</i>
DESCRIPTION Tax credit for purchase of new electric or other zero-emission vehicles.		
KEY FEATURES <ul style="list-style-type: none"> • Maximum tax credit is \$7,500 per vehicle if requirements are met for domestic sourcing/assembly of key components. • Starting in 2024, a taxpayer can elect to transfer the tax credit to the dealer who sells the qualifying vehicle, enabling the car-buyer to receive the value of the credit at the point of sale. • Tax credit is not available to high-income households or for cars that cost more than \$55,000 or pickups, vans, or SUVs that cost more than \$80,000. • Removes the previous cap on the number of vehicles from each manufacturer but adds new requirements for assembly in North America and battery component sourcing. 		
OPPORTUNITIES FOR ENVIRONMENTAL JUSTICE Ensure that auto service and repair shops have access to training and equipment needed for the growing number of electric vehicles.		
POTENTIAL LOCAL GOVERNMENT ROLES <ul style="list-style-type: none"> • Raise awareness and provide information about the availability of the new incentives. • Coordinate, support, or require installation of electric vehicle charging at rental properties and other locations that make clean vehicle ownership practical for all residents. 		



CREDIT FOR PREVIOUSLY OWNED CLEAN VEHICLES

FUNDING	ELIGIBILITY	AGENCY AND PROCESS
\$1.3 billion over 10 years (estimated but uncapped)	Individuals	Treasury <i>Tax credit available starting in 2023</i>
DESCRIPTION Tax credit for purchase of used electric or other zero-emission vehicles.		
KEY FEATURES <ul style="list-style-type: none"> • \$4,000 or the amount equal to 30% of the vehicle’s sale price, whichever is less; maximum vehicle price is \$25,000. • Vehicle must be purchased from a dealer (on the first transfer of the qualifying vehicle) and be at least two years old. • Tax credit is available for taxpayers with incomes below \$75,000 (single filer), \$112,500 (head of household filers), and \$150,000 (joint filers). 		
OPPORTUNITIES FOR ENVIRONMENTAL JUSTICE Raise awareness of the availability and process to access the new credit.		
POTENTIAL LOCAL GOVERNMENT ROLES <ul style="list-style-type: none"> • Partner with community-based organizations and auto dealers to provide clear, consistent information about the new credit. • Coordinate, support, or require installation of electric vehicle charging at rental properties and other locations that make clean vehicle ownership practical for all residents. 		

COMMERCIAL CLEAN VEHICLES



FUNDING	ELIGIBILITY	AGENCY AND PROCESS
<p>\$3.6 billion over 10 years (estimated but uncapped)</p>	<p>Businesses and non-tax-paying entities, including local governments</p>	<p>Treasury <i>Tax credit available starting in 2023</i></p>
<p>DESCRIPTION</p> <p>Tax credit for commercial purchase of electric or other zero-emission vehicles.</p>		
<p>KEY FEATURES</p> <ul style="list-style-type: none"> • Credit is up to \$7,500 for light-duty or \$40,000 for heavy-duty vehicles, calculated as the lesser of 30% of vehicle cost (if not gasoline or diesel fueled) or the incremental cost of the vehicle. • Requires final assembly of the vehicle in North America. 		
<p>OPPORTUNITIES FOR ENVIRONMENTAL JUSTICE</p> <p>Engage with businesses that operate vehicles in pollution hot spots or near vulnerable populations to access this credit to accelerate the conversion to clean vehicles.</p>		
<p>POTENTIAL LOCAL GOVERNMENT ROLES</p> <ul style="list-style-type: none"> • Raise awareness of the new credit with businesses and non-tax-paying entities to convert vehicle fleets. • Apply through the Department of Treasury process for a refund in the amount of the tax credit for qualifying vehicles purchased in 2023 or after. 		

TAX CREDIT FOR ALTERNATIVE REFUELING PROPERTY



FUNDING	ELIGIBILITY	AGENCY AND PROCESS
<p>\$1.7 billion over 10 years (estimated but uncapped)</p>	<p>Businesses, individuals and non-tax-paying entities, including local governments</p>	<p>Treasury <i>Restriction to low-income or rural areas begins 2023</i></p>
<p>DESCRIPTION</p> <p>Tax credit for electric vehicle charging and alternative fuel infrastructure installed in low-income or rural census tracts.</p>		
<p>KEY FEATURES</p> <ul style="list-style-type: none"> • Tax credit is equal to 30% of the cost of any qualified alternative fuel vehicle refueling property, including infrastructure for electric vehicle charging, ethanol (at least 85%), or biodiesel (at least 20%), provided that prevailing wage and apprenticeship requirements are met. • Non-tax-paying entities can access the financial benefit of the credit through a Department of the Treasury refund. 		
<p>OPPORTUNITIES FOR ENVIRONMENTAL JUSTICE</p> <p>Credits are available only for installations located in low-income or rural census tracts.</p>		
<p>POTENTIAL LOCAL GOVERNMENT ROLES</p> <ul style="list-style-type: none"> • Raise awareness of the new access to the credit for non-tax-paying entities. • Apply through Department of Treasury process for a refund in the amount of the tax credit for refueling infrastructure purchased in 2023 or after. 		

HOME ENERGY EFFICIENCY CONTRACTOR TRAINING



FUNDING	ELIGIBILITY	AGENCY AND PROCESS
<p>\$200 million over 10 years</p>	<p>States</p>	<p>Department of Energy <i>State Energy Offices submit plans to DOE in conjunction with the new residential rebates</i></p>
<p>DESCRIPTION</p> <p>Grants to states to reduce the costs of training and provide testing and certification of contractors to carry out energy efficiency and electrification improvements.</p>		
<p>KEY FEATURES</p> <p>State education and training programs can include preparing contractors to install improvements that are eligible for rebates under the HOMES and High Efficiency Electric Homes Programs.</p>		
<p>OPPORTUNITIES FOR ENVIRONMENTAL JUSTICE</p> <p>States may use these funds to partner with non-profit organizations to develop inclusive programs for contractor education and training.</p>		
<p>POTENTIAL LOCAL GOVERNMENT ROLES</p> <ul style="list-style-type: none"> • Ensure that the state energy office is applying for the funding, participate in the state process to design the program, and support frontline organizations to engage as well. • Connect existing contractor networks and workforce training programs to new energy-efficiency training opportunities. 		



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RESOURCES

Guidance for Local Governments

“Cities Advancing Climate Action: Leveraging Federal Funds for Local Impact, A Resource Guide,” Alliance for a Sustainable Future. URL: www.usmayors.org/wp-content/uploads/2022/03/Alliance-for-a-Sustainable-Future-WEB.pdf.

“Cities and the Inflation Reduction Act,” Amy E. Turner, Sabin Center for Climate Change Law, Columbia Law School, August 22, 2022. URL: blogs.law.columbia.edu/climatechange/2022/08/22/cities-the-inflation-reduction-act/.

“Direct Payment of Energy Tax Credits to Public Power Utilities under the Inflation Reduction Act of 2022,” American Public Power Association, URL: www.prpa.org/wp-content/uploads/2022/08/08.25.2022-combined-handouts.pdf.

“How States and Cities Can Benefit from Climate Investments in the Inflation Reduction Act,” Center for American Progress, August 25, 2022. URL:

www.americanprogress.org/article/how-states-and-cities-can-benefit-from-climate-investments-in-the-inflation-reduction-act/.

“Inflation Reduction Act: Clean Energy Project Eligibility for Local Governments,” National League of Cities. URL: www.nlc.org/article/2022/09/23/inflation-reduction-act-clean-energy-project-eligibility-for-local-governments/.

“Legislative Analysis For Counties: The Inflation Reduction Act,” National Association of Counties. URL: www.naco.org/resources/legislative-analysis-counties-inflation-reduction-act.

“Pathways to Resilience: Transforming Cities in a Changing Climate,” People’s Climate Innovation Center. URL: www.climateinnovation.net/resources.

Economic Inclusion Resources

“Building Performance Standards: A framework for equitable policies to address existing buildings,” Emerald Cities Collaborative and Inclusive Economics. URL: www.usdn.org/projects/building-performance-standards.html.

“The Inflation Reduction Act Provides Pathways to High-Quality Jobs,” Center for American Progress. URL: www.americanprogress.org/article/the-inflation-reduction-act-provides-pathways-to-high-quality-jobs/.

“The People’s Justice40+ Community Benefit Playbook: A Guide to Capturing Federal Infrastructure Investments,” Emerald Cities Collaborative. URL: emeraldcities.org/j40playbook/.

Example community-benefits agreements compiled by Emerald Cities Collaborative. URL: bit.ly/ECC-inclusion.

Tools and Trackers

Climate and Economic Justice Screening Tool. Federal site that draws on nationally consistent data to let users identify communities and census tracts that may qualify as “disadvantaged.” Council on Environmental Quality, URL: screeningtool.geoplatform.gov/.

Climate Program Portal. Searchable resource to track federal climate programs and investments. URL: climateprogramportal.org/.

“Environmental Justice Communities.” Tool to map federal datasets on environmental justice issues in communities in southeastern states. Southeast Sustainability Directors Network. URL: bit.ly/SSDN-EJ.

“Funding Guidance: Federal Funding Opportunities for Local Decarbonization,” City Renewables Accelerator. URL: cityrenewables.org/ffold#.

“Harvard Environmental & Energy Law Program Federal Environmental Justice Tracker.” URL: eelp.law.harvard.edu/ejtracker/.

Local Infrastructure Hub. Guidance and resources for implementing infrastructure projects with federal funding. URL: localinfrastructure.org/.

