

The Inflation Reduction Act and Opportunities for the State of Oregon

Senate Committee on Energy and Environment

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Today's Presentation

- Brief background on Infrastructure Investment and Jobs Act
- Overview of Inflation Reduction Act
- Greenhouse Gas Reduction Fund
- Climate Pollution Reduction Grants
- Direct Pay
- Energy Efficient Commercial Building Deduction



Infrastructure Investment and Jobs Act

- Bipartisan Infrastructure Bill
- Provides \$1.2 trillion investment
- Enacted Nov. 15, 2021



Infrastructure Investment and Jobs (IIJA) Act

Public Law 117–58

- **Roads, Bridges, & major projects: \$110 Billion**
- **Passenger and Freight Rail: \$66 Billion**
- **Safety: \$11 Billion**
- **Public Transit: \$39.2 Billion**
- **Broadband: \$65 Billion**
- **Ports and Waterways: \$16.6 Billion**
- **Airports: \$25 Billion**
- **Water Infrastructure: \$55 Billion**
- **Power and Grid: \$65 Billion**
- **Resiliency: \$47.2 Billion**
- **Clean School Buses & Ferries: \$7.5 Billion**
- **Electric Vehicle Charging: \$7.5 Billion**
- **Reconnecting Communities: \$1 Billion**



60% of IJA Funding Delivered Through States

Oregon Investments Infrastructure Investment and Jobs Act

- **\$1 billion in additional funding for roads— a 38% increase**
- **\$200 million in transit funding— a 35% increase**
- **\$268 million to repair and replace Oregon’s aging bridges**
- **\$45 million to invest in transportation safety**
- **\$52 million for EV charging infrastructure**
- **\$30 million in additional funds for bicycle and pedestrian projects**
- **\$82 million to Oregon to invest in transportation projects that reduce greenhouse gas emissions**
- **\$94 million to increase the transportation system’s resilience to earthquakes, natural disasters and adapt to climate change**
- **\$100 million + for broadband buildout (plus \$100 million from ARPA)**
- **\$5.6 million for Oregon’s State Energy Program**
- **\$50 million for grid resilience**
- **\$20-\$27 million in additional funding annually for clean water infrastructure**
- **\$24 million in additional funding annually for drinking water infrastructure**
- **\$37 million annually for lead service line replacement**



IIJA Funding Not Necessarily Delivered Through States (not comprehensive)

- **Transportation**

- Up to \$15 billion funding for road, rail, transit, and other surface transportation of local and/or regional significance
- \$5 billion for Safe Streets for All
- \$2.5 billion competitive EV charging
- \$5 billion clean school bus program
- \$2 billion for rural surface transportation
- \$1 billion reconnecting communities

- **Climate, Energy and Environment**

- \$1 billion for hazard mitigation (FEMA)
- \$3.5 billion for flood mitigation

- \$1.2 billion for Brownfields remediation
- \$550 million for energy efficiency and conservation block grants
- \$550 million for EE and RE in schools
- \$8 billion for clean hydrogen hubs
- \$1 billion for community wildfire defense grants

- **Broadband**

- \$2 billion for rural broadband
- \$1 billion for state and local cybersecurity grants

- **Water storage and other**

- \$1 billion for water storage



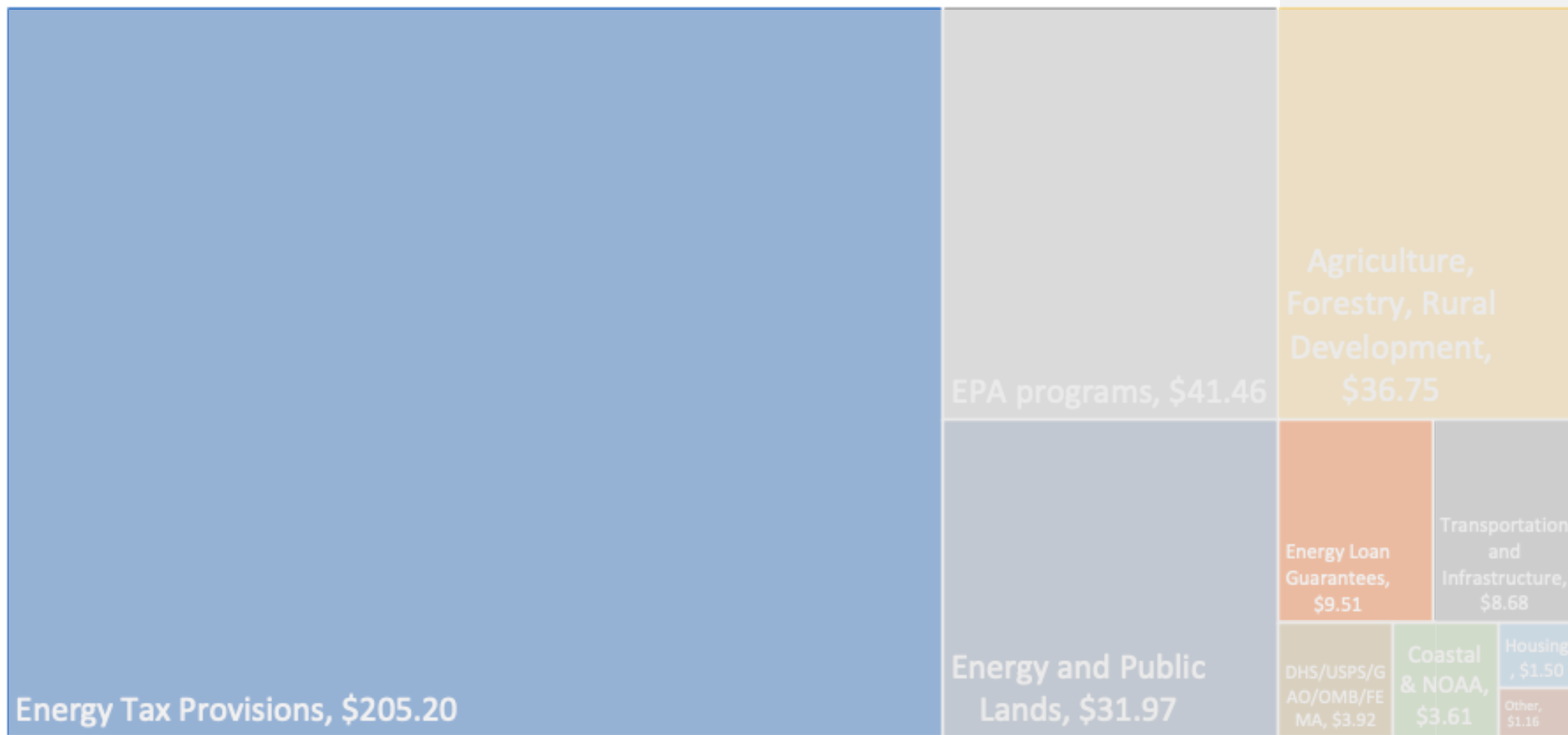
Inflation Reduction Act

- Budget Reconciliation Bill
- Provides \$370 billion for climate change.
- Also, addresses drug prices, ACA premium support, and reduces the federal deficit.
- Enacted Aug. 16, 2022



Funding Through the Inflation Reduction Act

In US \$ Billions



\$370 Billion
 +\$600 Billion
 +\$300 Billion

~\$1.3 Trillion

+ matching \$ and private sector \$

Areas of Focus

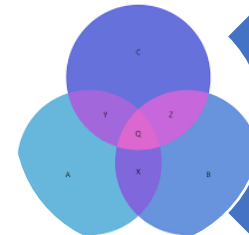
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State
Eligibility



Substantial
Available
Resources



Potential
Crosscutting
Applicability



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Greenhouse Gas Reduction Fund (GHGRF)

- Section 60103 of the Inflation Reduction Act added new section 134 to the Clean Air Act, 42 U.S.C. § 7434, to establish the Greenhouse Gas Reduction Fund grant program to be administered by U.S. EPA.
- Provides competitive funding for financial and technical assistance to enable zero-emission technologies and projects that reduce or avoid greenhouse gas emissions and other air pollution, including to low-income and disadvantaged communities.
- Congress appropriated \$27 billion in FY 2022 to implement this new program.
- These funds are available for EPA to obligate until Sept. 30, 2024.



GHGRF, Allocation of \$27 billion

Section No.	Appropriated Amount	Eligible Recipients	Form of Support	Eligible Activities
Clean Air Act §134(a)(1)	\$7 billion	States, municipalities, Tribal governments, and eligible recipients (as defined)	subgrants, loans, or other forms of financial assistance as well as technical assistance	provide to enable low-income and disadvantaged communities to deploy or benefit from zero-emission technologies, including distributed technologies on residential rooftops, and to carry out other greenhouse gas emission reduction activities.
Clean Air Act §134(a)(2)	\$11.97 billion	eligible recipients (as defined)	financial and technical assistance	projects that reduce or avoid greenhouse gas emissions & other forms of air pollution
Clean Air Act §134(a)(3)	\$8 billion	eligible recipients (as defined)	financial and technical assistance	projects that reduce or avoid greenhouse gas emissions & other forms of air pollution in low-income and disadvantaged communities

Climate Pollution Reduction Grants (CPRG)

- Section 60114 of the Inflation Reduction Act added new section 137 to the Clean Air Act, 42 U.S.C. § 7437, to establish the Climate Pollution Reduction Grants program to be administered by U.S. EPA.
- EPA will offer grants to plan and implement “programs, policies, measures, and projects that will achieve or facilitate the reduction of greenhouse gas air pollution.”
- Congress appropriated \$5 billion in FY 2022 to implement this new program.
- These funds are available for EPA to obligate until Sept. 30, 2026.
- EPA must publish a funding opportunity announcement for planning grants no later than 270 days after enactment (May 13, 2023). EPA must award a planning grant to at least one eligible entity in each State.



Climate Pollution Reduction Grants (CPRG)

Section No.	Appropriate Amount	Eligible Recipients	Purpose of Grant	Eligible Activities
Clean Air Act §137(a)(1)	\$250 million	States, air pollution control agencies, tribes, local governments, or any combination	Develop a plan for the reduction of GHG air pollution	Must include programs, policies, measures, and projects that will achieve or facilitate the reduction of greenhouse gas air pollution
Clean Air Act §137(a)(2)	\$4.75 billion	States, air pollution control agencies, tribes, local governments, or any combination	Plan implementation	Projects in the the plan that reduce or avoid greenhouse gas emissions & other forms of air pollution. The application must explain the degree to which greenhouse gas air pollution is projected to be reduced in total and with respect to low-income and disadvantaged communities.

Direct Pay

- Section 13801 of the Inflation Reduction Act added Sec. 6417 to the Internal Revenue Code, allowing an “applicable entity” to elect a direct payment instead of receiving a tax credit.
- Eligibility extended to tax exempt paying entities: nonprofits, states and political subdivisions, Indian tribes, and community-owned utilities.
- Creates incentives for tax exempt entities that haven’t previously existed.

[This is not Tax Advice]

Direct Pay is Available for the Following Tax Credits

- Sec. 48 energy credits
- Electric vehicle charging infrastructure
- Renewable electricity production
- Carbon dioxide sequestration
- Electric vehicles
- Clean electricity production
- Advanced energy project credit
- Clean electricity investment credit



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Energy Efficient Commercial Buildings Deduction

- Section 13303 of the Inflation Reduction Act amended Sec. 179D of the Internal Revenue Code, expanding eligibility for the Energy Efficient Commercial Buildings Deduction.
- Eligibility extended to tax-exempt entities: nonprofits, states and political subdivisions, and Indian tribes.
- Provides for the “allocation of the deduction to the person primarily responsible for designing the property in lieu of the owner of such property.”
- Creates energy efficiency incentives for tax-exempt entities that haven’t previously existed.

[This is not Tax Advice]

- Applies to new buildings and retrofits
- Creates a sliding scale of incentives for energy efficiency improvements of 25% to 50%.
- Provides up to \$5 per square foot for energy efficiency improvements.
- IRS directed to issue regulations or guidance to implement.



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Conclusion

- Historic Level of Resources Becoming Available
- Urgency Due to Short Windows of Availability
- Cost Expectations
- State Focus:
 - Application Preparation and Coordination
 - Potential Programmatic Revisions
 - Availability of Matching Dollars





Thank you!

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