



## *Inflation Reduction Act Overview*

# Objectives

- Provide an overview of the funding opportunities provided by the Inflation Reduction Act.
- Provide a snapshot of some funding provided to North Carolina.
- Increase awareness of some competitive funding opportunities.



## Inflation Reduction Act (IRA)

- **Signed August 16, 2022.**
- **Reduces Americans' health care costs and addresses climate crisis.**
- **Reduces deficit by an estimated \$238 billion over ten years.**
  - 140 provisions and programs that have an impact on federal spending or revenues spread across 10 categories.
  - About 30 programs will require states, local governments, and/or private businesses to compete for a fixed pool of federal grants or loans.
    - Energy, rural development, transportation, and infrastructure categories.
- **Timelines** - grants front-loaded, new opportunities published every month.
- **Types of Funding** – Tax incentives (credits), loans, grants (mostly competitive and some formula), subsidies.



## IRA – Affordable Healthcare and Climate Investments

### **Affordable Healthcare**

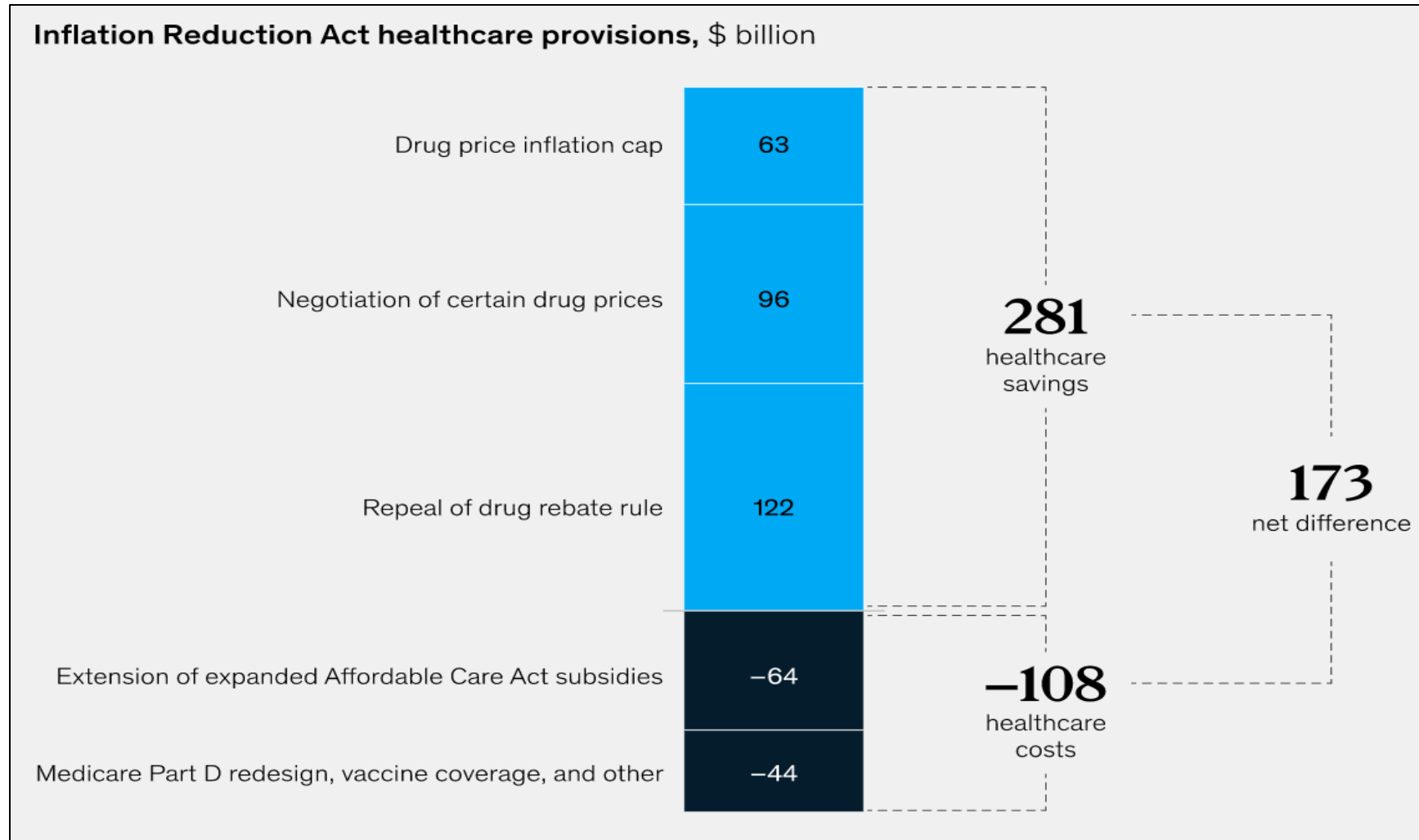
\$100+ billion to make health insurance and prescription drugs more affordable for individuals.

### **Climate Investments**

\$391 billion in climate, energy, pollution-abatement, and conservation investments.



# IRA – Affordable Healthcare



Source: [McKinsey and Company](#)



## IRA – Climate Investments

- **\$391 billion in climate, clean energy, pollution-abatement, and conservation investments**
  - Est. \$250+ billion in climate-related tax credits alone.
    - NC could receive roughly \$5-\$11 billion of the total, if competitive.
  - Billions in direct subsidies and subsidized loans (clean energy, conservation, and energy efficiency).
  - Roughly \$90 billion in programs of interest to states and local governments.
- **Many programs are either competitive or have a limited allocation of funds and will require coordination.**

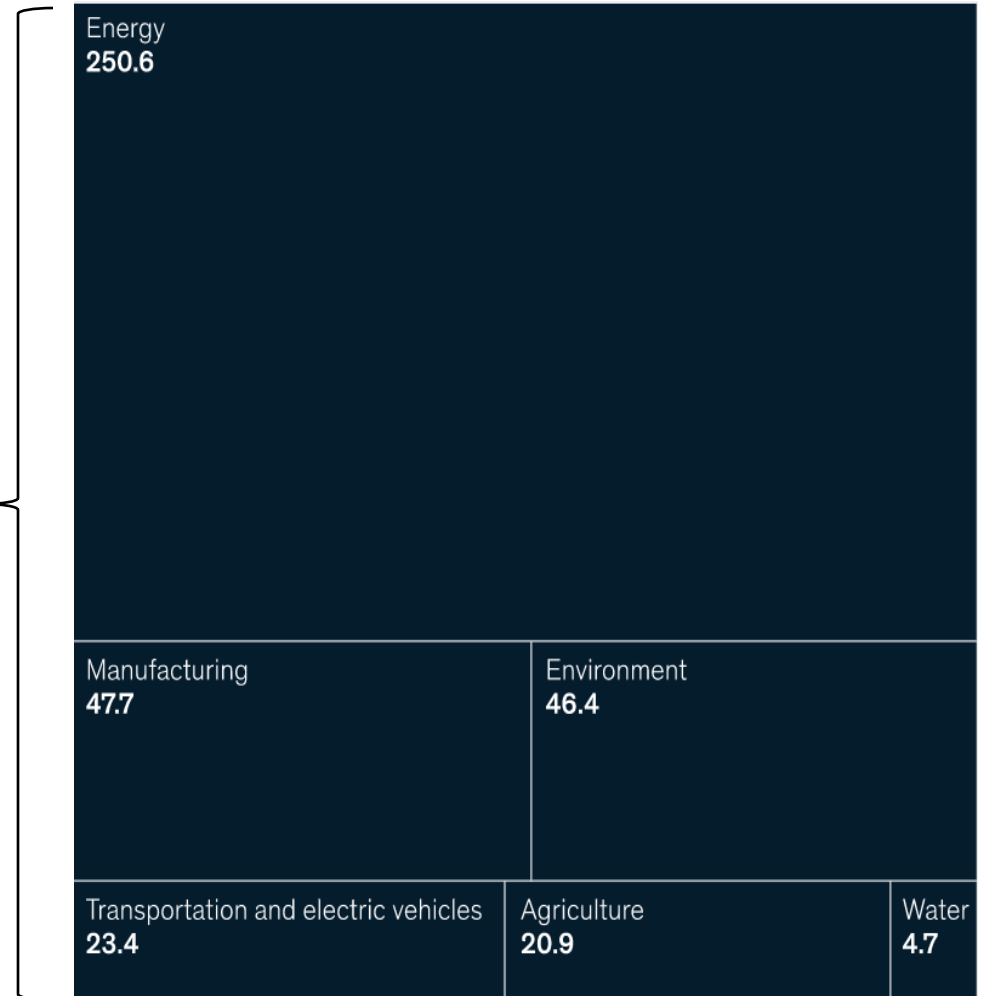


# IRA – Climate Investments

- Nearly \$400 billion in Climate Investments crosses several sectors
- Mix of tax incentives, grants, and loan guarantees.
- Clean electricity incentives for and transmission command the biggest slice.
- Followed by environment and clean transportation (including electric-vehicle incentives).

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Climate Investments by Sector



Source: [McKinsey and Company](#)

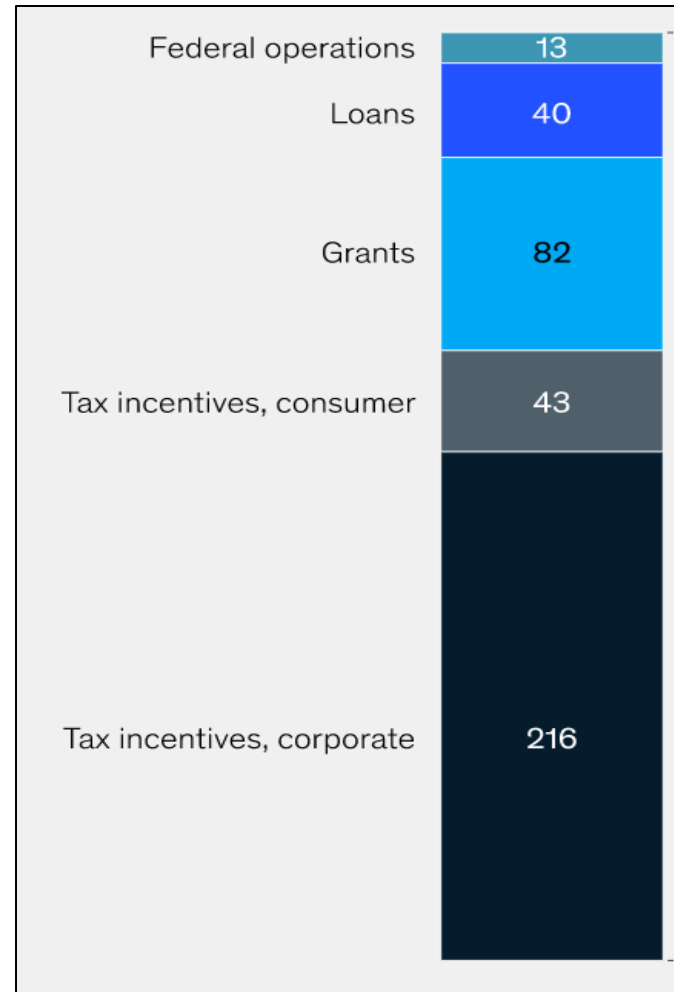


# IRA – Climate Investments

- Majority of Clean energy and climate change funding is for tax credits.
- Consumer tax credits make EVs, energy-efficient appliances, rooftop solar panels, geothermal heating, and home batteries more affordable.
- Many of the tax incentives in the bill are [direct pay](#).

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Climate Investments by Funding Type



Source: [McKinsey and Company](#)



## Large, Competitive IRA Programs

Program Name	US Amount (mill.)	Est. NC Amount		Program Type	Funding Type
		Low	High		
Energy Infrastructure Reinvestment Financing	\$250,000	\$3,600	\$9,500	Loans	Competitive
Funding for DOE Loan Programs Office	\$40,000	\$380	\$1,900	Loans	Competitive
USDA Assistance for Rural Electric Cooperatives	\$9,600	\$770	\$1,500	Spending/ Loans	Competitive
Tribal Energy Loan Guarantee Program	\$20,000	\$0	\$950	Loans	Competitive
Greenhouse Gas Reduction Fund	\$19,980	\$280	\$800	Spending	Competitive
Rural Energy for America Program	\$1,977	\$160	\$320	Spending/ Loans	Competitive
Neighborhood Access and Equity Grant Program	\$2,900	\$14	\$280	Spending	Competitive
Extension of the Advanced Energy Project Credit	\$6,255	\$130	\$250	Tax Credit	Competitive
Advanced Industrial Facilities Deployment Program	\$5,250	\$75	\$200	Spending	Competitive
Climate Pollution Reduction Grants	\$4,050	\$81	\$162	Spending	Formula/ Competitive



## IRA Requirements

### Justice40 Initiative

- Commits at least 40% of federal investments (Including BIL and IRA) to disadvantaged communities that are marginalized, underserved, and overburdened with pollution.
- Categories of investment: climate, clean energy, transit, housing, workforce development, pollution reduction, and water and wastewater infrastructure.
- [Climate and Economic Justice Screening Tool](#) is a geospatial mapping tool to identify disadvantaged communities nationwide.
- Source: [White House – Justice40](#)

### Tax credits

- Manufacturing facilities are only eligible for full IRA tax credits if they meet prevailing wage and apprenticeship requirements.
- Tax incentives also contain domestic-production or domestic-procurement requirements.
  - Example: EV consumer credit
    - Percentage of critical minerals in the battery must have been recycled in North America or been extracted or processed in a country that has a free-trade agreement with the United States.
    - The battery must have also been manufactured or assembled in North America.



## Helpful Resources

- White House Guidebooks for States and Local and Tribal Governments
  - [Inflation Reduction Act](#)
- [Climate Program Portal](#) (Login available to those with .gov emails)