Inflation Reduction Act and What it Means for New York

Talking points prepared by: Priya Mulgaonkar, Senior Policy and Field Manager, Green New Deal Network for the NY Renews IRA Webinar Thursday, 3/30 from 12-1PM EST

Green New Deal Network is a national united front coalition of community, environmental justice, green, and labor organizations united to pass Green New Deal legislation at all levels of government.

How will the IRA impact New Yorkers?

Although IRA is a federal policy, the lion’s share of implementation will happen at the state level. Thanks to organizing by NY Renews and allies, NY has one of the most ambitious climate laws on the books, with an explicit commitment to directing up to 40% of benefits to disadvantaged communities, and ensuring that there was public participation in the scoping plan.

New York could see $70 billion in overall investment from IRA provisions, through a mix of tax incentives, loans and direct funds. An estimated $34 billion of that investment will be in large-scale clean power generation and storage (NYSERDA).

There’s a lot we still don’t know about how the money and programs will specifically impact New York, but here are a few key developments:

1. **Climate Pollution Reduction Grants ($5B)** - Grants to help states, cities, and tribes plan for air pollution reduction; **each state can get up to $3 million** through non competitive grants for planning, and major cities like NYC can get up to $1 million for planning. Then states, cities and tribes can apply to the remaining $4.6 billion to implement the plans.

2. **Greenhouse Gas Reduction Fund ($27B)** - Competitive grants to mobilize financing and leverage private capital for clean energy and climate projects that reduce greenhouse gas emissions with an emphasis on projects that benefit low-income and disadvantaged communities. **For the first pot of money ($7B zero emissions technology), communities can directly apply** and propose the projects that they need most! For the other 2 pots of money ($11.9B general assistance and $8B for DACs) **community based organizations can partner with institutions that can leverage financing** (ex: green banks, Community Development Financial Institutions) to access these funds to expand financing capacity for climate projects. Learn more: Columbia Climate Law Blog

3. **Environmental Justice and Climate Justice Block Grants ($3B)** - Provide grants that invest in community-led projects in disadvantaged communities – this is a pot of money that CBOs can apply to, and includes a wide range of eligible activities: Eligible activities include: from community led air monitoring, to climate resilience, to facilitating engagement of DACs in state and federal public processes.

4. **Rebates for Building Decarbonization** - Funds for State Energy Offices like NYSERDA to provide rebates for home electrification and energy efficiency retrofits. **DOE will direct roughly $300 million for NY state** (out of a total $9B). While this is just a drop in the bucket, housing justice campaigns can leverage these rebates to help with base building while helping LMI households benefit from weatherization and electrification. If we can show strong uptake, we can leverage this to demand more funds.
5. **Direct Cash Pay of Clean Energy Tax Credits for Non-Profit Entities** - IRA includes a provision that provides non-taxable entities investing in and producing clean energy with a direct payment option in lieu of tax credits – **so for the next 10 years (until 2033) non-profits, municipal governments, schools, tribes, and other tax-exempt entities can benefit** from reduced costs when investing in solar.

6. **Green jobs from clean energy production tax credits** - The White House estimates that **New York State will see $34 billion of investment in large-scale clean power generation and storage** between now and 2030, with extra bonuses for projects that pay prevailing wage.

7. **Residential Solar Tax Credits** - Consumer tax credits covering 30% of the costs to install solar panels and battery storage systems. **White House estimates over 220,000 additional New York households will install rooftop panels as a result.**

### What are the urgent opportunities and deadlines folks should know about?

GNDN is tracking key funding and comment deadlines. While IRA presents a lot of opportunities for a just transition, it also includes many harms and doesn’t go far enough. But there are still key sources of funding and incentives that New Yorkers can act on:

- **Direct to Consumer Tax Credits** - **available now!**
  - Credits for New Electric Vehicles Purchased in 2023 and After (added December 29)
  - Credits for New Clean Vehicles Purchased in 2022 and Before (added December 29)
  - Used Clean Vehicle Credit (added December 29)
  - Energy Efficient Home Improvement Credit
  - Residential Clean Energy Credit - The IRA provides a tax credit that would cover 30 percent of the cost of installing rooftop solar. Rewiring America estimates that the average 6kW rooftop solar installation costs about $19,000, so the average tax credit would be around $4,700.

- **Environmental and Climate Justice Block Grants** - **first round April 2023**
  - Check out the [slidedeck](#) and [recording](#) from our workshop with the Environmental Protection Network, where we walked through the registration and application process for two upcoming EPA Environmental and Climate Justice Block Grant programs and shared capacity building resources available through the [EPN](#).

- **Climate Pollution Reduction Grants** - **States NOI deadline March 31st; Municipalities April 28th**
  - Action: as of March 24th, NYS Department of Environmental Conversation has submitted an NOIP, BUT New York City Has not! Folks with connections to NYC DEP should check to see if there is a plan to apply! Applying for the planning funds is required in order to apply for the implementation funds!

- **Greenhouse Gas Reduction Fund** - **Summer 2023**
  - Community based organizations will be able to partner with institutions that can leverage financing (ex: green banks, Community Development Financial Institutions) to access these funds to expand financing capacity for climate projects.
Key Takeaways

- **Energy Efficiency and Home Electrification Rebates** - funds going to states in summer 2023, NYSERDA should program in early 2024

**IRA is the biggest investment in climate in the US to date. However – we still have a long way to go!**

- In total, the IRA includes $228 billion in appropriations and an additional $324 billion in tax credits. Two-thirds of the funding is in the form of tax credits, which means there's a risk that the funds will widen the racial wealth gap and leave frontline communities behind.

- While the Biden Administration has touted IRA as an environmental justice law, analysis from the Just Solutions Collective estimates that the environmental justice provisions in the IRA account for only $40 billion total - only roughly 7% of all tax revenues, tax expenditures, and appropriations, and only comprises 12% of all appropriations.

**The IRA has the potential to create tangible benefits for our communities:**

- Reducing harmful air pollution emissions in EJ communities. For example, EPA received $41.5 billion for 24 grant programs in the IRA
  - $3 billion in Environmental and Climate Justice Block Grants to fund community-based nonprofit organizations
  - $27 billion for existing and new green banks and fund state and local govt investment in distributed energy. $7 billion of this fund is for Community Solar projects.
  - $5 billion for Climate Pollution Reduction Grants at the state, local, and Tribal level to develop and implement plans to reduce GHG emissions
  - $3 billion in Grants to Reduce Air Pollution at Ports to purchase & install zero-emission technology and develop climate action plans
  - $1.55 billion for the Methane Emissions Reduction Program to Fund grants and technical assistance to accelerate emissions reduction from gas.
  - $1 billion for Clean Heavy-Duty Vehicles to provide grants, rebates to replace heavy duty vehicles like delivery, garbage trucks with electric.
  - $12 billion for Superfund sites clean up with reinstated Polluter pay tax.

- **Creating millions of jobs and wealth in historically disinvested communities**
  - 5 million clean energy jobs, including more than 1.7 million jobs from clean energy tax credits. Companies that pay prevailing wages & apprenticeship training get 5X more tax credit
  - 900,000 clean manufacturing jobs including, 670,000 jobs in wind turbines, solar panels, EV batteries and other clean technologies and nearly 120,000 jobs in projects at steel, aluminum, cement and other energy-intensive manufacturing facilities.
  - 900,000 efficient buildings jobs, including nearly 720,000 jobs from retrofitting an
energy efficiency tax credits.

- 400,000 clean transportation jobs in clean vehicles, trucks and buses.
- 150,000 environmental justice jobs from grants and investments that address disproportionate health and pollution impacts.

- **Implementation of the money we won will be key and states will play a big role.**
  - **Funding from the IRA flows in two ways:** 1) directly to state agencies, which then utilize the funds or distribute them to local governments, communities, or private entities, and 2) directly to private entities and/or individuals.
  - **Many provisions of the IRA will be implemented at the state level.** Action taken by states will be essential to moving the US toward cutting greenhouse gas emissions to avoid the worst of the climate crisis.

- **Implementing the IRA will be hard and imperfect – which is why seeing it as a powerbuilding opportunity is key**
  - GNDN believes that building power in states is key to enacting transformative policies, protecting our communities from fossil fuel interests, and defending and strengthening our victories at the federal level. The IRA and IIJA investments have opened up opportunities for climate organizers to build power and advance more wins toward a Green New Deal.

For more resources, check out: [Federal Funds for Communities — Green New Deal Network](https://www.greennewdealnetwork.org)

For questions or feedback, contact: pmulgaonkar@greennewdealnetwork.org
Table: IRA Provisions and What they mean for New York State

*Note: this is a selection of provisions relevant to New York - there are additional provisions we are still tracking and learning about!

<table>
<thead>
<tr>
<th>IRA Provision</th>
<th>Description</th>
<th>What it means for New York</th>
</tr>
</thead>
<tbody>
<tr>
<td>Climate Pollution Reduction Grants ($5 billion)</td>
<td>Program through EPA designed to help states, municipalities, Tribes, and territories create climate action plans to reduce pollution from carbon dioxide and other air pollutants in the near and long term. The program’s funding is split into two phases—Phase I noncompetitive planning grants ($250 million) and Phase II implementation grants ($4.6 billion). Deadlines: Notice of Intent by March 31; full application by April 28</td>
<td>For Phase I Planning Grants, CPRG sets aside $3 million for each state, including DC and PR ($156 million overall). In addition, $1 million is set aside for each of the 67 largest metropolitan areas in the US according to 2020 census data ($67 million overall), and $25 million for Tribes. The remaining $2 million is reserved for territories. EPA will make an additional $4.6 billion for competitive implementation grants later in 2023.</td>
</tr>
<tr>
<td>Greenhouse Gas Reduction Fund ($27 billion)</td>
<td>Provides financial and technical assistance grants to states, tribal governments, nonprofits, and other eligible recipients to enable communities to deploy or benefit from technologies that combat climate change and reduce other forms of air pollution. $15 billion from the fund are specifically dedicated to providing financial and technical assistance in low-income and disadvantaged EJ communities – $7 billion in funds for zero-emission technologies and another $8 billion in other qualifying projects).</td>
<td>For the first pot of money ($7B zero emissions technology), communities can directly apply and propose the projects that they need most! For the other two pots of money, ($11.9B general assistance + $8 for disadvantaged communities) communities will need to work with eligible nonprofits – specifically, those that can leverage capital, such as green banks – to ensure that the right projects make it to their communities.</td>
</tr>
<tr>
<td>Environmental and Climate Justice Block Grants ($3 billion)</td>
<td>Provide grants that invest in community-led projects in disadvantaged communities. Eligible funding recipients include community-based nonprofits or organizations, or a partnership between community-based nonprofit organizations and a tribe, a local government or an institution of higher education.</td>
<td>Non profits with capacity to apply for these grants should consider doing so, whether in partnership with a municipal government or in partnership with other organizations. Eligible activities include: • Community-led air and other air pollution monitoring, prevention and remediation, investments in low- and zero-emission and resilient technologies and workforce development that help reduce GHG emissions and other air pollutants • Mitigating climate and health risks from urban heat islands, extreme heat, wood heater emissions and wildfire events • Climate resilience and adaptation • Reducing indoor toxics and indoor air pollution • Facilitating engagement of disadvantaged communities in state and federal public processes</td>
</tr>
<tr>
<td>Rebates for Energy Efficiency</td>
<td>Program through the Department of Energy to</td>
<td>DOE will direct over $300 million for New York State, to be</td>
</tr>
<tr>
<td>IRA Provision</td>
<td>Description</td>
<td>What it means for New York</td>
</tr>
<tr>
<td>---------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
</tbody>
</table>
| **Building Decarbonization ($9 billion)**   | administer 2 home energy rebate programs, enabling communities to make homes more energy efficient, upgrade to electric appliances, and cut energy costs.  
1) Home Energy Performance-Based, Whole-House Rebate Allocations (aka whole home retrofits)  

**Note:** Buildings are the greatest source of emissions for New York, yet IRA’s incentives for decarbonizing buildings comprises only one-seventh of the bill’s estimated benefits to New York. |
| **Direct Cash Pay of Clean Energy Tax Credits for Non-Profit Entities** | The IRA includes a new provision that provides a direct cash payment in lieu of clean energy investment and production tax credits, which can benefit tax-exempt entities including states, cities and local municipalities, tribes, municipal water or power utilities and school districts. | This is a great opportunity for folks to push for municipal/public solar campaigns, as well as for non-profits with property to consider starting community solar projects. |
| **Green jobs from clean energy production tax credits** | IRA provides a historic set of tax credits that will create jobs across solar, wind, storage, and other clean energy industries. [PERI Institute analysis](https://www.peri.org/) finds that the more than 100 climate, energy, and environmental investments in the Inflation Reduction Act will create more than 9 million good jobs over the next decade—an average of nearly 1 million jobs each year. | According White House estimates, the Inflation Reduction Act will bring an estimated $34 billion of investment in large-scale clean power generation and storage to New York between now and 2030. These credits include bonuses for businesses that pay a prevailing wage. This is a great opportunity to demand workforce development and community benefits agreements in frontline communities to ensure the jobs are good, union, and get to frontline folks. |
| **Residential Solar Tax Credits** | Consumer tax credits covering 30% of the costs to install solar panels and battery storage systems, make home improvements that reduce energy leakage, or upgrade heating and cooling equipment. No income limits apply. | For solar, uptake projections estimate that over 220,000 additional New York households will install rooftop panels as a result. |