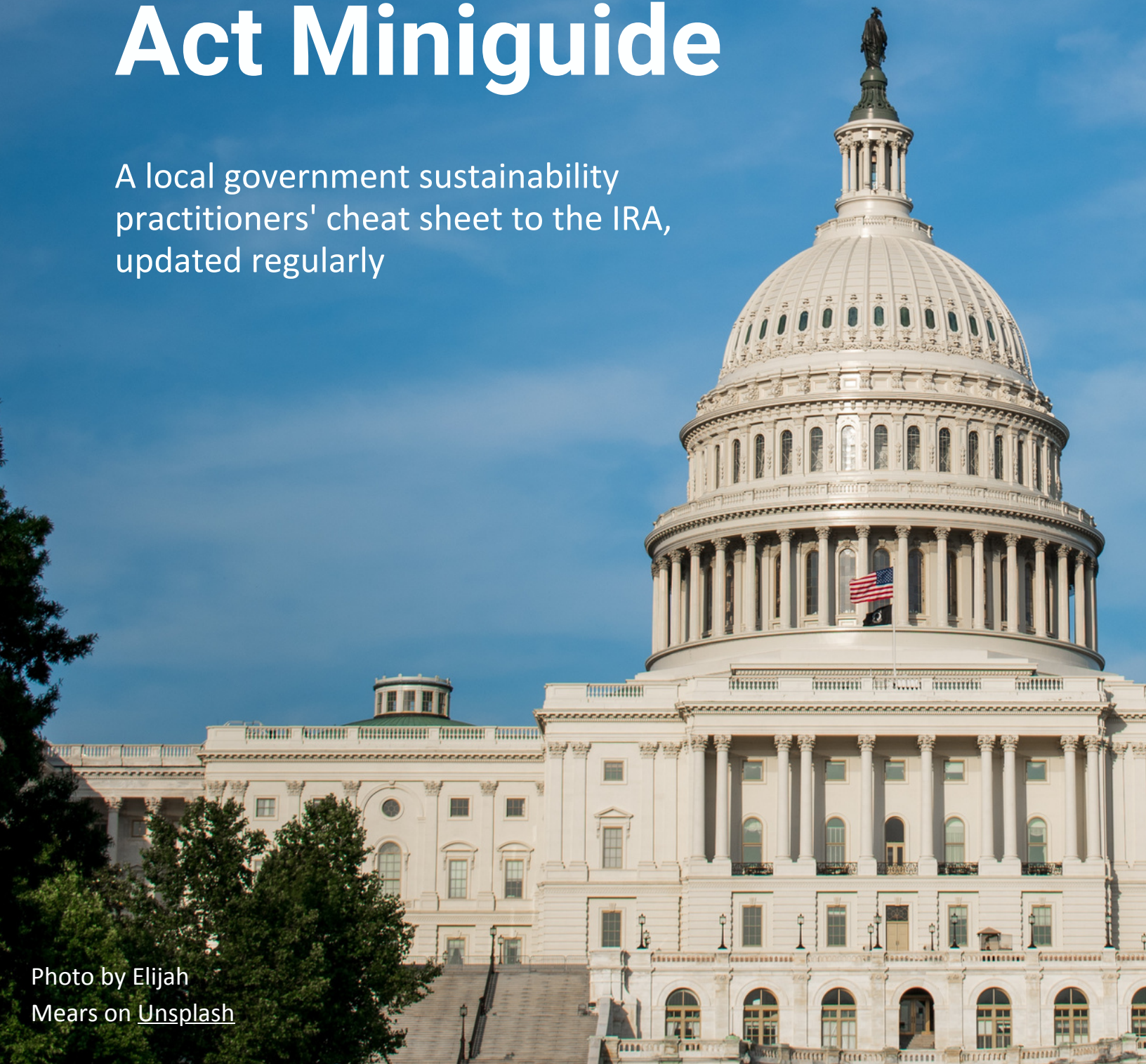


Last updated December 14, 2022

Inflation Reduction Act Miniguide

A local government sustainability
practitioners' cheat sheet to the IRA,
updated regularly

Photo by Elijah
Mears on [Unsplash](#)



How to use this miniguide

ATTENTION:

USDN is no longer updating this miniguide. C40 and the White House have developed extensive guides about the IRA provisions, local government eligibility, and timeline for each opportunity. These guides will be updated as new information is available. USDN will also provide IRA updates and support through their [Federal Funding Program](#). [Sign up here](#) to become a member of the Federal Funding interest group and to receive updates. Please use the following links to access the C40 and White House IRA guides.

[C40 Climate action and the Inflation Reduction Act: A guide for local government leaders](#)

[White House Inflation Reduction Act Guidebook](#)

The majority of the local government content for this guide was generously provided by Amy Turner, Senior Fellow at the Sabin Center for Climate Change Law at Columbia Law School. You can read her [original blog post](#) detailing these programs and more.

We also pulled information directly from the IRA text itself and cross-referenced other guides. All of the resources we've found particularly helpful appear at the end of this guide. Big thank yous to these partners and journalists for their work analyzing the IRA so far:

- Rewiring America
- Evergreen Action
- C40 and Climate Mayors
- National League of Cities
- Natural Resources Defense Council
- E&E News ClimateWire
- Volts (David Roberts' podcast)

What's in here and what's not.

- We've selected the programs we feel are largest and most relevant to local sustainability staff in order to make this guide digestible and not totally overwhelming. That said, there are programs NOT included here. Review the resources at the end of this document for more on climate provisions.
- This is intended to be a cheat sheet to orient practitioners to programs, not a strategy guide. We may add strategic guidance to this in the future if helpful (let us know!).
- If you have particular questions, additions or updates, please contact Director of Communications & Mobilization Julia Peek at juliapeek@usdn.org or Federal Engagement Director Cynthia McCoy at cynthiamccoy@usdn.org.

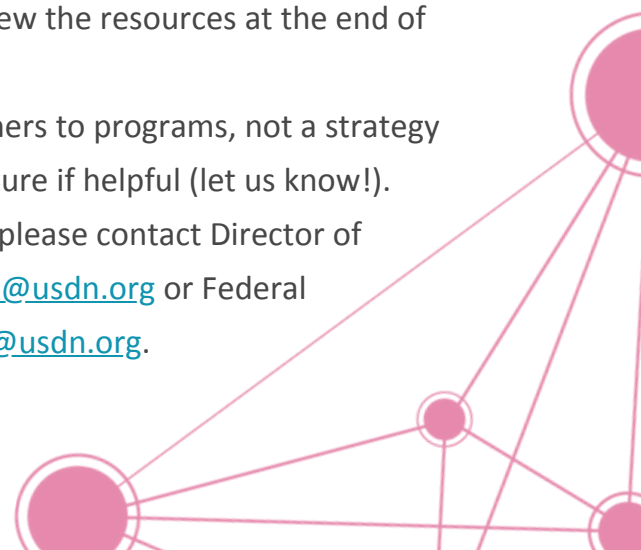


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Programs for States

State energy offices are tasked with designing and administering two broad rebate programs for which residents and residential building owners are eligible.

Home Energy Performance-Based, Whole-House Rebate (HOMES) Program



TBD



DOE to States



\$4.3 billion

\$4.3 billion for energy efficiency and electrification upgrades for LMI and non-LMI homeowners and multifamily buildings based on modeled or measured energy savings. The rebates available are:

- Non-LMI homeowners: Up to \$4,000 or 50% of project cost for a 20-35 percent reduction
- LMI homeowners: Up to \$8000 or 80% of project cost for 20-35 percent reduction
- Multifamily buildings: Up to \$400,000 or 50% of project cost for a 35 percent reduction (buildings with 50 percent LMI residents can claim up to 80% of project cost)

Funding is available through September 30, 2031 ([Sec. 50121](#)). (Program also referred to as "Home Owner Managing Energy Savings." More details from [Sen. Van Hollen's office here.](#))

High-Efficiency Electric Home Rebate Program (HEERA)



2023/24



DOE to States



\$4.5 billion

This is a 10 year rebate program to help LMI families electrify their homes. \$4.275 billion will be distributed by state energy offices and \$225 million by Tribal governments.

Income eligibility:

- Low-income: <80% AMI, 100% of costs covered including installation
- Moderate-income: 80-150% AMI, 50% of costs covered including installation
- Rebates extended to multifamily buildings if 50% of residents are LMI

Point-of-sale rebates available for the following projects (maximum amounts):

- Heat pump HVAC-- \$8,000
- Heat pump water heater-- \$1,750
- Electric stove/cooktop-- \$840
- Heat pump clothes dryer-- \$840
- Breaker box-- \$4,000
- Electric wiring-- \$2,500
- Weatherization-- \$1,600
- Household rebate maximum is \$14,000; contractor maximum is \$500.

For an IRA household electrification calculator, go to [Rewiring America's IRA Calculator](#).

Timing of fund distribution is unclear. Local governments should reach out to state energy offices to collaborate on program design where possible ([Sec. 50122](#)).

Programs for Local Governments

There are a variety of competitive grants, loans, tax credits, rebates, etc. available to local governments. Other entities are also eligible for several of the funds below.



GHG Reductions and Climate Action

Greenhouse Gas Reduction Fund (aka, the Green Bank)



Feb 2023



EPA



\$27 billion

Municipalities are eligible for this funding, along with states, Tribal governments, and nonprofit entities that provide and leverage capital to finance projects to reduce greenhouse gas emissions (e.g., green banks). The structures available from green banks will enable projects that serve disadvantaged communities and are small or may otherwise lack access to traditional financing to receive support.

\$7 billion is for grants, loans, and financial and technical assistance to "enable low-income and disadvantaged communities to deploy or benefit from zero-emission technologies," including rooftop solar and other GHG reduction activities.

\$11.97 billion is for grants to provide direct and indirect investment in projects, activities, or technologies that (1) reduce or avoid greenhouse gas and other air pollution by leveraging investment from the private sector or (2) "assist communities in the efforts of those communities to reduce or avoid greenhouse gas" and other air pollution.

\$8 billion is for the same activities specifically in low-income and disadvantaged communities.

EPA is slated to build this program in the next six months; amounts are to be made available by February 2023 and remain available until September 30, 2024 ([Sec. 60103](#)). This is a big lift, so we expect disbursement to take longer or possibly be done in a phased approach. USDN will be providing more information on how to organize and prepare for the funding. The bill text is very vague; for some of the original intent behind the green bank and a sense of what this might look like, see [this bill](#) and read [NRDC's blog](#).

Energy Efficient Commercial Buildings Deduction (179D)



2023



Tax Deduction



\$360 million

The 179D tax deduction has been increased and now offers offers \$2.50 to \$5.00 per square foot for businesses achieving 25-50 percent reductions in energy use over existing building performance standards. This deduction is available to building owners; in government-owned buildings, the government may transfer the deduction to the party primarily responsible for designing the improvements ([Sec. 13303](#)).

Programs for Local Governments

Climate Pollution Reduction Grants



May 2023



EPA



\$5 billion

There are two appropriations open to municipalities (and states, etc.) under this program.

\$250 million is to support the development of plans to reduce greenhouse gas pollution in support of later projects that implement such pollution reductions. The EPA is to publish a funding opportunity announcement by May 2023, and at least one grant must be made in each state. Funding is to remain available until September 30, 2031.

\$4.75 billion is for grants to implement GHG pollution reduction. Many of the details are to be determined by EPA, but applications for funding will need to include “information regarding the degree to which greenhouse gas air pollution is projected to be reduced in total and with respect to low-income and disadvantaged communities.” Funding is to remain available until September 30, 2026 ([Sec. 60114](#)).

Assistance for Latest and Zero Building Energy Code Adoption



TBD



DOE



\$1 billion

Local governments with building code authority are eligible for assistance with developing or adopting these plans in residential or commercial buildings. Grants can also fund active training, enforcement programs, and measurement of compliance.

\$330 million is for DOE to help states and local governments adopt codes that meet or exceed the 2021 International Energy Conservation Code (for residential) or the ANSI/ASHRAE/IES Standard 90.1-2019 (for commercial), as well as “to implement a plan for the jurisdiction to achieve full compliance with any [such] building energy code... which plan shall include active training and enforcement programs and measurement of the rate of compliance.”

\$670 million is for the adoption of codes that meet or exceed “the zero energy provisions in the 2021 International Energy Conservation Code or an equivalent stretch code” and for related compliance plans.

The funding is to remain available until September 30, 2029 ([Sec. 50131](#)).

Programs for Local Governments

Improving Energy Efficiency, Water Efficiency, or Resilience of Affordable Housing



TBD



HUD



\$880 million

\$837.5 million is for loans and grants for projects that "improve energy or water efficiency, enhance indoor air quality or sustainability, implement the use of zero-emission electricity generation, low-emission building materials or processes, energy storage, or building electrification strategies, or address climate resilience."

\$42.5 million is for energy and water benchmarking and "associated data analysis and evaluation at the property and portfolio level, and the development of information technology systems necessary for the collection, evaluation, and analysis of such data."

All funds available until September 30, 2028 ([Sec. 30002](#)).

Low Emissions Electricity Outreach Program



TBD



EPA



\$87 million

This includes allocations of \$17 million each for: 1) consumer-related education and partnerships on reductions in GHGs from electricity generation and use 2) for education, technical assistance, and partnerships within low-income and disadvantaged communities for reductions in GHGs from electricity generation and use and 3) for outreach, technical assistance, and partnerships with State, Tribal, and local governments for reductions in GHGs from electricity generation and use. Details are not specified for how EPA might allocate funds. The funding is to remain available until September 30, 2031 ([Sec 60107](#)).



Transportation

Clean Heavy-Duty Vehicles Grants and Rebates



Feb 2023



EPA



\$1 billion

\$600 million will cover up to 100% of the incremental costs associated with replacing non-zero-emissions heavy duty vehicles with zero-emissions heavy duty vehicles. It will also fund fueling and charging infrastructure, workforce development, and technical activities.

\$400 million of this funding is for areas exceeding air quality standards under the Clean Air Act. Municipalities and nonprofit school transportation associations, among others, are eligible for these grants. Funding to remain available until September 30, 2031 ([Sec. 60101](#)).

Programs for Local Governments

Neighborhood Access and Equity Grant Program



TBD



FHWA



\$3 billion

This program will fund highway removal, remediation, or capping; mitigating local impacts of highways; building or improving “complete streets, multi-use trails, regional greenways, or active transportation networks”; and providing “affordable access to essential destinations, public spaces, or transportation links and hubs”.

\$1.893 billion is appropriated for any community.

\$1.262 billion is set aside for economically disadvantaged communities; communities with community benefits agreements in place; communities with anti-displacement policies, community land trusts, or community advisory boards; and communities with a “demonstrated... plan for employing local residents in the area impacted by the activity or project” covered by this grant program.

\$50 million is appropriated for technical assistance, including subgrants to local governments.

A cost-sharing provision caps the federal grant at 80 percent of the cost of a project, unless the project is located in a disadvantaged or underserved community, in which case the federal contribution may be as high as 100 percent. The funding is to remain available until September 30, 2026 ([Sec. 60501](#)).



Resilience, Adaptation & Local Air Pollution

Investing in Coastal Communities and Climate Resilience



TBD



NOAA



\$2.6 billion

\$2.6 billion will “provide funding through direct expenditure, contracts, grants, cooperative agreements, or technical assistance to” a variety of grantees, including local governments, for “the conservation, restoration, and protection of coastal and marine habitats, resources, Pacific salmon and other marine fisheries, to enable coastal communities to prepare for extreme storms and other changing climate conditions, and for projects that support natural resources that sustain coastal and marine resource dependent communities.”

The funding is to remain available through September 30, 2026 ([Sec. 40001](#)).

Programs for Local Governments

Environmental and Climate Justice Block Grants



Feb 2023



EPA



\$3 billion

This new block grant program will make \$2.8 billion available for the following activities to benefit disadvantaged communities. Note that this funding is primarily for community-based organizations; this is an opportunity for local governments to support CBOs on community-led projects and/or co-created projects. Grants may be awarded for periods up to three years.

- "Community-led air and other pollution monitoring, prevention, and remediation, and investments in low- and zero-emission and resilient technologies"
- "mitigating climate and health risks from urban heat islands, extreme heat, wood heater emissions, and wildfire events"
- "Climate resiliency and adaptation"
- Reducing indoor air pollution and toxics
- "Facilitating engagement of disadvantaged communities in State and Federal advisory groups, workshops, rulemakings, and other public processes."

\$200 million is for technical assistance related to the grants above.

Eligible entities include:

- A partnership between a Tribe, a local government, or an institution of higher education AND a community-based nonprofit organization
- A community-based nonprofit organization
- A partnership of community-based nonprofit organizations.

The funding is to remain available until September 30, 2026 ([Sec. 60201](#)).

State and Private Forestry Conservation Programs



TBD



USDA



\$1.5 billion

\$1.5 billion to provide multiyear, programmatic, competitive grants for tree planting and related activities by local governments, states, insular areas, Tribes, and nonprofit organizations through the Urban and Community Forestry Assistance Program.

The funding is to remain available through September 30, 2031 ([Sec. 23003](#)). (Additional funding also available to states and other entities in this section.)

Note: [Nature-Based Climate Solutions](#), a fiscally-sponsored project of USDN, has an abundance of resources on this work and has been leading the charge to get this funding.

Programs for Ports and Utilities

These opportunities are most relevant to local governments that have a municipally-owned utility or have jurisdiction over a port authority. There are additional tax incentives for clean energy, including revamped, tech-neutral investment and production tax credits that go live in 2025.

Direct Pay Clean Energy Tax Credits



2023



Tax credits



Varies

[Section 13801](#) of the IRA adds a new Section 6417 to the tax code, which allows states and municipalities (along with other tax-exempt organizations like municipal utilities and rural cooperatives) to receive as a “direct payment” many of the IRA’s tax credits that would otherwise only have value to tax paying entities.

The addition of direct pay increases the ability of municipally-owned utilities to invest in clean energy generation, as they have no tax liability against which to otherwise claim a credit. Direct pay is available for production, investment, and other tax credits.

Municipalities with publicly-owned utilities who are looking to invest in clean energy generation should discuss the opportunity with a qualified tax or energy financing attorney.

Grants to Facilitate the Siting of Interstate Electricity Transmission Lines



TBD



DOE



\$760 million

Local governments that have “authority to make a final determination regarding the siting, permitting, or regulatory status of a” high-voltage interstate or offshore electric transmission line are eligible.

\$760 million in grants for impact studies, examination of alternative siting corridors, participation in state and federal regulatory proceedings, and “other measures and actions that may improve the chances of, and shorten the time required for, approval” of transmission lines. DOE may also use this appropriation to make grants for economic development activities for communities affected by transmission projects.

The funding is to remain available through September 30, 2029 ([Sec. 50152](#)).

Programs for Ports and Utilities

Grants to Reduce Air Pollution at Ports	 TBD	 EPA	 \$3 billion
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Local governments with jurisdiction over a port authority or port are eligible for the following.

\$2.25 billion is for a competitive grant and rebate program for the purpose of “purchas[ing] or install[ing] zero-emissions port equipment or technology” at ports. Funds from this appropriation may also be awarded for planning and permitting relating to such zero-emission equipment and technology, and for a port’s climate action planning. A climate action plan that qualifies for funding under this section must include “a strategy to collaborate with, communicate with, and address potential effects on low-income and disadvantaged communities and other stakeholders that may be affected by implementation of the plan.”

\$750 million is made for the same set of activities in ports located in areas exceeding air quality standards under the Clean Air Act.

More details regarding funding applications will need to be made available by the EPA, and funding is to remain available until September 30, 2027 ([Section 60102](#)).

Programs for Residents

There are myriad tax credits and rebates available to LMI households and disadvantaged communities. Local governments can help residents access these credits and rebates via local retrofit, EV and other outreach programs. Note that some programs will be run through state energy offices.

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

EV Tax Credit (30D)



2023



Tax Credits



\$8.8 billion

The Clean Vehicle credit (30D) gives a up to a \$7,500 credit for new electric vehicles, and a \$4,000 credit or 30% of the vehicle's value (whichever is lower) for used electric vehicles. Buyers can apply the credit directly to the purchase of the vehicle starting in 2024 (instead of waiting to claim it when filing taxes).

Note, because of manufacturing stipulations (must be assembled in North America, a portion of the battery parts must be made in North America, and some of the minerals for the battery must be mined domestically or in countries with a free-trade agreement with the US), it may take time to navigate which vehicles are eligible for tax credits and for how much.

Income limits: Individuals that make more than \$150,000 per year and couples that make more than \$300,000 per year do not qualify.

Price limits: (new vehicles) \$55,000 for sedans and \$80,000 for trucks and SUVs ([Sec. 13401](#)). (used vehicles) \$25,000. Vehicle must be purchased from a dealer and at least two years old.

Energy Efficient Home Improvement Credit (25C)



2023



Tax Credits



\$12.5 billion

Households can deduct up to 30 percent of the costs for eligible home improvements that year with a \$1,200 annual limit (for equipment and installation). Eligible improvements are:

- \$150 for home energy audits
- \$500 for exterior doors
- \$600 for exterior windows and skylights, efficient central air conditioners, electric panel upgrades, and natural gas, propane, or oil water heaters or boilers
- \$2,000 for electric or natural gas heat pump water heaters, electric or natural gas heat pumps, and biomass stoves and boilers (the \$1,200 annual limit may be exceeded here)

Energy retrofits must be installed at primary residences. Appliances must “meet or exceed the highest efficiency tier” of the Consortium for Energy Efficiency; generally, appliances must be more efficient than Energy Star-certified products ([Sec. 13301](#)).

Programs for Residents

Residential Clean Energy Tax Credit (25D)	 2023	 Tax Credits	 \$22 billion
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Credit for 30 percent of the costs of solar, wind, geothermal or biomass technologies, and battery storage systems with a capacity greater than 3 kWh, until 2032 when it gradually decreases ([Sec. 13302](#)).

Home Efficiency and Electrification Rebate Programs	 2023	 Rebates via States	 \$8.8 billion
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See the [State Program section](#) for two rebate programs run through state energy offices that will benefit residents-- the High-Efficiency Electric Home Rebate Program (HEERA) for home electrification, and the Home Owner Managing Energy Savings (HOMES) Program for home energy retrofits.

Additional Resources

Lots of great partners are producing guides, fact sheets and resources that capture every inch of the IRA. A few of our current favorites are below (note that more come out everyday!), along with USDN resources.

From USDN

[Federal Engagement program](#) provides grant trackers, guides, webinars and workshops on grant opportunities, and a weekly digest. Members can [sign up](#) to get our updates.

[1:1 Technical Assistance](#) is available to pursue grant opportunities, including matching projects to opportunities, reviewing criteria, and close editing and review of applications.

[Sign up for drop-in hours](#) with Federal Engagement Director Cynthia McCoy to discuss any and all federal funding questions.

From Partners

Sabin Center for Climate Change Law at Columbia Law School [blog \(cited on page 2\)](#)

C40 and Climate Mayors [Climate Action and the Inflation Reduction Act: A Guide for Local Government Leaders](#)

America is All In [Summary of Decarbonization Provisions in the IRA](#)

Harvard Environmental & Energy Law Program [Summary of EJ Provisions in the IRA](#)

Natural Resources Defense Council [blog on the Green Bank](#)

Rewiring America [IRA Electric Explainer](#) and [Calculator](#)

National League of Cities [IRA summary blog](#)

[Evergreen Action Climate Impact of IRA](#)

[IRA Text](#) (H.R.5376)

We hope this was helpful!

If you have questions, additions or updates, please contact us



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