Policy Brief Series: Empowering States for Emission-Free Power

The Inflation Reduction Act of 2022 (IRA) cemented in law the largest source of climate funding in U.S. history—allowing for the foundation of climate action led by states, cities, businesses, individuals, and more to extend and enhance ambition in support of both national and subnational emissions reductions goals. The opportunities for emissions reductions along with health, economic, and environmental benefits are significant. Yet, these benefits cannot be fully realized without the swift and robust implementation of the IRA provisions from all 50 states.

One year after the IRA was enacted, the Center for Global Sustainability's new policy brief series highlights key climate provisions and implementation opportunities for states to realize IRA's true potential across five top-emitting sectors: Electricity, Transportation, Buildings, Industry, and agriculture and forestry. Highlights from each sector brief are below and download each to learn more about the opportunities for state-level implementation of key IRA provisions.

Electricity

Eight key IRA climate provisions allow states to accelerate their transition to renewable energy. The IRA seeks to incentivize the building and production of clean energy through affordable federal loans, competitive grants, and tax credits, with opportunities for additional tax credits for domestically sourced materials, meeting labor standards, and siting qualifying facilities in energy communities and low-income communities. Provisions such as the Investment Tax Credit offer tax benefits for governments and developers to invest in renewable energy. Other provisions such as the Energy Communities & Low-Income Communities Bonus work to distribute equitable energy resources to disadvantaged communities. **With over $15.5 billion in federal funding, IRA provisions could reduce emissions by 47% - 83% by 2030 from 2005 levels in the electricity sector.**

Transportation

Five key IRA provisions allow states to transform their transportation systems to clean energy. Through public awareness campaigns, additional incentives, and leading by example, states can work together to leverage IRA funds to propel EV adoption, promote low-carbon transportation, reduce transportation sector emissions, and make communities healthier. There are provisions such as the Alternative Fuel Vehicle Refueling Property Credit, offering tax incentives for governments to build public EV charging infrastructure, and the Neighborhood Access and Equity Grant Program, removing barriers to transportation modes from communities. **With over $11 billion in federal funding, IRA provisions could reduce emissions by 20% - 38% by 2030 from 2005 levels in the transportation sector.**

Buildings

Six key IRA provisions allow states to support the decarbonization of residential, commercial, and other buildings in each state. Through the IRA, states can implement energy efficiency and electric infrastructure into their building sectors to reduce greenhouse gas emissions. IRA provisions such as the High-Efficiency Electric Home Rebate and New Energy Efficient Homes Credit allow states to invest in upgrading residential and commercial buildings to improve energy efficiency within communities. **With over $11 billion, IRA provisions could drive emissions down by 20% - 38% by 2030 from 2005 levels.**

Agriculture and Forestry

Ten key IRA provisions allow states to promote climate-friendly agriculture practices and sustainable land use management. Agricultural groups and relevant state and local governmental agencies can work with farmers to tap into the reservoir of financial and technical resources available for decarbonizing the electricity of agricultural and rural communities. Additionally, states' climate policies can include reforestation and conservation efforts to reduce emissions from the land use sector and take critical steps towards building a secure and resilient carbon sink in line with net-zero goals. IRA programs such as the Environmental Quality Incentives Program (EQIP) and the Conservation Stewardship Program (CSP) increase outreach and education efforts in states to support conservation and climate-smart efforts. **The IRA allocates over $30 billion for agriculture and forestry policies.**

Industry

Six key IRA provisions allow states to deploy new innovative solutions and policy mechanisms to achieve cleaner industries and industrial processes, in a historically slow-to-abate sector. States and local leaders can partner with manufacturers to leverage the funds available in the IRA for promoting clean energy component manufacturing and decarbonizing industrial processes. Beyond reducing emissions, these actions to clean up industrial processes can benefit nearby communities facing unfair consequences of industrial pollution. The GHG Air Pollution Plans and Implementation Grants offer $5 billion in federal funding for states to implement vigorous strategies for emission reduction. **With over $7.6 billion, IRA provisions could drive emissions down by an average of 8% by 2030 from 2005 levels.**

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