

# Empowering States for Emission-Free Roads: Unleashing IRA's Transportation Initiatives

The transportation sector was responsible for the largest greenhouse gas emissions in the US in 2021 ([Sources of Greenhouse Gas Emissions | US EPA](#)). Reducing emissions in this sector is increasingly a primary concern of governments, recognizing the importance of shifting to EVs, building out public charging infrastructure, and improving public transportation and mobility of our communities. Perhaps the most publicized provisions of the Inflation Reduction Act (IRA) focus on transportation and the transition from fossil fuel-reliant vehicles to “clean vehicles.” The IRA aims to incentivize the acceleration of this shift through a series of tax credits, loans, and grants meant to make the purchase, manufacturing, and fueling of clean vehicles more affordable.

**Altogether, these policies amounting to over \$11 billion, could drive emissions down by 20% - 38% by 2030 from 2005 levels ([Emissions and energy impacts of the Inflation Reduction Act](#)). This funding estimate excludes cross-cutting measures such as the Greenhouse Gas Reduction Fund (GGRF).**

## Highlights

▶ The Clean Vehicle Tax Credit for new, used, and commercial vehicles—including medium- and heavy-duty vehicles—is vital to electric vehicle (EV) adoption

▶ IRA has tax credits for businesses up to \$100,00/property and \$1,000/individual to expand EV charging infrastructure, a central concern of many potential EV buyers

▶ To boost domestic EV production, states such as Michigan and Ohio should collaborate with manufacturers to maximize IRA loans and grants

▶ States should directly engage local cities and communities to apply grants to promote walkability and connectivity where it would matter most

▶ Informing consumers about EVs and cost savings via tax credits is critical to adoption

▶ States should look beyond wind and solar to leverage specific IRA investments that support clean hydrogen, nuclear, and carbon sequestration

## Implementation Opportunities in the Inflation Reduction Act

1. States can incidentally support domestic manufacturing, domestic workers, and disadvantaged communities through the law's labor and equity requirements
2. Elements of Justice40 are woven into IRA, meaning states and local officials should engage low- to moderate-income (LMI) communities specifically on available tax credits, loans, and grants
3. LMI communities could benefit from additional state incentives, technical assistance, and low interest financing. (Ex: [California's Clean Vehicle Rebate Project](#))
4. Realizing the unique barriers and challenges of a given community or state, government officials can leverage the tax credits that most effectively decarbonize the transportation system of their communities
5. States can set an example by electrifying their own fleet, using the 30C tax credit to build public charging infrastructure in rural and low income communities, and prioritizing walkable neighborhoods (Ex: [Legislation - SB0528 \(maryland.gov\)](#))
6. States could regulate emissions intensities for specific transportation technologies, promoting low carbon options, further accelerating EV deployment, and increasing public transportation accessibility and ridership (Ex: [Clean Fuel Standard - Washington State Department of Ecology](#))

# Key Provisions of the Inflation Reduction Act

## Provision

## Challenges

## Opportunities



**Clean Vehicle Tax Credits for New and Used Vehicles and Commercial Fleets (30D, 25E, and 45W)**

Increasing uptake of EVs by consumers and commercial operators

As the cost of EVs continues to decline, states and local governments can educate consumers and dealers on the benefits of EVs - credits increase for domestically sourced and assembled vehicles



**Alternative Fuel Vehicle Refueling Property Credit (30C)**

A barrier to EV adoption is access to charging infrastructure

In meeting labor requirements, municipalities can increase the tax credit amount for building public EV charging stations - these credits are available for direct pay



**Advanced Technology Vehicle Manufacturing Loan Program and Domestic Manufacturing Conversion Grants (sec. 50142 and 50143 - \$3 and \$2 billion, respectively)**

Manufacturers may lack the tools and hardware to easily manufacture EVs

States can drive the EV manufacturing shift at home through technical capacity in applying for loans and competitive grants available through these programs



**Energy Communities & Low Income Communities Bonus (sec. 13103)**

As energy systems transition, some communities and workers could be left behind

Using transferable skills and existing transmission infrastructure, states can focus on just transitions and smart energy planning by involving local communities in repurposing closing fossil fuel power plants for clean energy



**Neighborhood Access and Equity Grant Program (sec. 60501 - approx. \$2 billion in funding)**

Shifting travel modes is necessary to decrease transportation sector emissions

To make more walkable and connected communities, state and local officials can leverage this program to remove or retrofit roads and highways that are barriers to a unified community



**Extension of Alternative Fuel and biodiesel, clean fuel production, sustainable aviation fuel credits (40A, sec. 13201, 13203)**

Many biofuels are not cost competitive with fossil fuels

State can begin tackling difficult to decarbonize sectors like aviation, utilizing sustainable fuels, biodiesel, and hydrogen for such sectors

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## Additional Information

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