

## We All Win

Together We Build, August 10, 2022

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Last weekend the Senate passed the Inflation Reduction Act of 2022 with 50 Democratic Votes, zero GOP votes, and our Vice President Kamala Harris cast the deciding vote to pass this historic legislation. H.R. 5376 is a 755-page document. A one-page summary can be found here:

[https://www.democrats.senate.gov/imo/media/doc/inflation\\_reduction\\_act\\_one\\_page\\_summary.pdf](https://www.democrats.senate.gov/imo/media/doc/inflation_reduction_act_one_page_summary.pdf) . We expect the House of Representatives to pass it quickly, sending it to President Biden to sign into law.

The Act was announced on July 27th by Senate Democrats. Those leading the proposed legislation had to hustle to get support as the Senate began its summer recess on August 8th. Leading up to the vote, it was not definite that the democrats would attain all 51 votes needed to send the bill to the House as political tensions rose even within the party. This Act targets many things on President Biden's agenda including climate change, tax policy, and health care reforms. One main goal of this bill is to move the economy based on fossil fuels to clean energy sources. In fact, this Act will be the United States' biggest achievement in fighting climate change as it is anticipated to reduce carbon emissions in the United States by 40% by 2030.

### So what are the big changes?

“More than \$300 billion would be invested in energy and climate reform, the largest federal clean energy investment in U.S. history...This portion of the bill takes on transportation and electricity generation, and it includes \$60 billion for growing renewable energy infrastructure in manufacturing like solar panels and wind turbines.

It also includes several tax credits for individuals on things like electric vehicles and making homes more energy efficient.” (<https://www.npr.org/2022/08/07/1116190180/democrats-are-set-to-pass-a-major-climate-health-and-tax-bill-heres-whats-in-it>)

### Electric Car Incentives

The Act will give those who purchase an electric car a tax credit of \$7,500 for a new vehicle or \$4,000 for one that is pre-owned. However, it's not for everyone. Those with an annual income of over \$150,000 are not eligible for this tax credit. This credit is only valid for cars priced up to \$55,000 or vans up to \$80,000. This program will run for the next 10 years.

### Lowering Energy Costs in Homes

This bill allots \$9 billion in tax credits for those who replace existing appliances with ones that are energy efficient. It also aims to lower energy costs for Americans by lowering the costs of rooftop solar, heat pumps, electric heating, water heaters, and other systems that can be electric. Regarding rooftop solar, the act will give a 30% tax credit “of the cost of the installed equipment, which will then step down to 26% in 2033 and 22% in 2034” according to PV Magazine. (<https://www.pv-magazine.com/2022/07/28/us-to-extend-investment-tax-credit-for-solar-at-30-to-2032/>) This credit applies to individual adopters of solar technology as well as energy storage. “It will make it easier and cheaper to get electric cars and to heat and cool homes without fossil fuels—Environmental Protection Agency administrator Michael Regan says families will save an average of \$500 a year on energy costs—while also creating new jobs in these fields.” ([https://heathercoxrichardson.substack.com/p/august-7-2022?utm\\_source=email](https://heathercoxrichardson.substack.com/p/august-7-2022?utm_source=email))

### Tax Credits for Companies

It isn't just individuals that are eligible for tax credits. This bill provides tax credits as an incentive for companies, too. This Act will provide billions in tax credits to companies who find or build new sources of emission-free electricity. This includes solar panels, wind turbines, geothermal plants, etc. Previously, there had been short-term tax credits given, but now, they are guaranteed for ten years. In addition, there will also be tax credits provided for companies

that capture carbon dioxide before it escapes into the atmosphere. The Act also plans to give tax breaks in order to keep nuclear power plants running as emissions rise when these plants close.

Besides the main efforts to combat climate change, the Act also takes action at reducing methane leaks, investing in low-income communities, forest conservation, Affordable Care Act extension, minimum corporate tax rate, tax enforcement, and a 1% consequence for stock buybacks by corporations. Unfortunately, these changes come with a large price tag. However, these costs are offset by the 15% minimum corporate tax rate and taxes from top earners. Secretary of the Treasury, Janet Yellen, assured Americans that the “Inflation Reduction Act won't raise taxes on families earning less than \$400,000 per year.”

The bill will help remedy some of the trillions of federal budget deficit caused by the fiscal policies of the previous administration, including the so called “Tax Cuts and Jobs Act of 2017”. As aptly stated by historian Heather Cox Richardson “The Tax and Jobs Act did not increase employment or wages as the Republicans expected; those actually dipped slightly as corporations used the tax cuts primarily to buy back their stock, making it more valuable.” Rather than an enormous package benefitting the very rich, this Act will have very real benefits to lower income and middle-class wallets, will ensure that large corporations will pay a reasonable minimum tax rather than zero, will fund the IRS to be able to collect taxes the United States is due, enable over 13 million Americans to be able to afford health insurance, and ensure that Americans won't be gouged for their critical and lifesaving prescriptions.

Here are some of the other resources we utilized for this article:

<https://www.pbs.org/newshour/tag/inflation-reduction-act-of-2022>;

<https://www.pbs.org/newshour/show/what-the-reconciliation-bill-would-do-to-boost-clean-energy-and-combat-global-warming>; <https://www.investopedia.com/senate-passes-inflation-reduction-act-of-2022-6361268>.

Take the time to read the excellent summaries provided by trusted, factual, reality based sources. If you do so you will understand how beneficial this legislation will be for you, your families, and future generations.

Beck, Thomas W. “We All Win” *Estes Park Trail Gazette*, Friday August 12, 2022,

<https://www.eptail.com/2022/08/10/together-we-build-we-all-win/>