



U.S. Senate Approves \$369 Billion to Address Climate Change

The compromise – the Inflation Reduction Act of 2022 – was announced on July 27, 2022, by Senate Majority Leader Chuck Schumer (D-New York) and Sen. Joe Manchin (D-West Virginia), and by a 51:50 party-line vote survived the August 6-7 “vote-a-rama” gauntlet in the full Senate. Calling it the “single biggest climate investment in U.S. history,” with a goal of reducing carbon emissions in the U.S. by up to 40% by 2030, the [legislative summary](#) says the bill will:

1. **Lower energy costs** for Americans through policies that will lower prices at the pump and on electricity bills, help consumers afford technologies that will lower emissions and energy prices, and reduce costs that would otherwise be passed on to them.
2. **Increase American energy security** through policies to support energy reliability and cleaner production coupled with historic investments in American clean energy manufacturing to lessen our reliance on China, ensuring that the transition to a clean economy creates millions of American manufacturing jobs and is powered by American-made clean technologies.
3. **Invest in decarbonizing all sectors of the economy** through targeted federal support of innovative climate solutions.
4. **Focus investments into disadvantaged communities** to ensure that communities that are too often left behind will share in the benefits of the transition to a clean economy.
5. **Support resilient rural communities by investing in farmers and forest land owners** to be part of growing climate solutions and by ensuring rural and communities are able to better adapt to a rapidly changing climate.

See the bill (H.R. 5376) [here](#).

The \$369 billion clean energy and climate package includes tax incentives and extensions of the production tax credit (PTC) and investment tax credit (ITC). The bill includes a 15% corporate minimum “book” tax, revises the taxation of carried interest, increases tax enforcement resources for the IRS, extends the Affordable Care Act premium tax incentives and provides for prescription drug reform.

Summary of Inflation Reduction Act of 2022

| Revenue-Raising Provisions | |
|--|----------------------|
| 15% corporate minimum "book" tax | \$313 billion * |
| Prescription drug pricing reform | \$288 billion ** |
| IRS tax enforcement | \$124 billion ** |
| Carried interest taxation changes | \$14 billion * |
| TOTAL | \$739 billion |
| Tax and Spending Provisions | |
| Clean and renewable energy tax incentives and spending | \$369 billion *** |
| Affordable Care Act premium tax incentive extension | \$64 billion ** |
| TOTAL | \$433 billion |
| Net Deficit Reduction | \$306 billion |

* Joint Committee on Taxation (JCT) estimate

** Congressional Budget Office (CBO) estimate

*** JCT (tax incentives) and CBO (spending) estimate

Source: Senate Democratic Leadership; Novogradac



\$4 Billion to Fight Drought in the West

Scientists often associate “climate change” with drought in the western states. Although few proposed amendments survived the Senate’s voting gauntlet over the August 6–7, 2022 weekend (most of which would have destroyed the coalition deal), of importance to the drought-ridden western states, Sen. Kyrsten Sinema (D-Arizona), along with three other Democratic senators from the west, secured \$4 billion in new drought funding in the party-line bill.

The House of Representatives is scheduled to consider the legislation on Friday, August 12, 2022.

This post was drafted by [John Watson](#), an attorney in the Denver, Colorado office of Spencer Fane LLP. For more information, visit www.spencerfane.com.