

Z E T A

IRA & IIJA:
*An Investment in Jobs,
Climate, and Security*

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Overview

The combined investments in the FY2022 Budget Reconciliation bill would put the U.S. on a path to roughly 40% emissions reduction by 2030 and would represent the single biggest climate investment in U.S. history by far.

Key Provisions

- New Clean Vehicle Credit & Used Clean Vehicle Credit
- Commercial Clean Vehicle Credit
- Alternative Fuel Vehicle Refueling Infrastructure Tax Credit
- Advanced Manufacturing Production Tax Credit
- Advanced Energy Production Credit

New Clean Vehicle Credit...

In 2023, EV manufacturers will no longer face a 200,000-unit-per-manufacturer cap on sales.

New vehicles will be eligible for a \$7,500 tax credit delivered at the point of sale.

The credit is composed of two halves: qualifying vehicles will receive \$3,750 for meeting each of the critical mineral and battery component sourcing requirements.

Maximum AGI for credit eligibility:	Maximum MSRP for credit eligibility:
<ul style="list-style-type: none">• \$150,000 for Single filers• \$225,000 for Heads of Households• \$300,000 for Joint filers	<ul style="list-style-type: none">• \$80,000 for vans, SUVs, & pickup trucks• \$55,000 for all other vehicles

...with a few caveats.

- Vehicles produced **after 2023** must not include any battery components manufactured or assembled in a “foreign entity of concern.”
- Vehicles produced **after 2024** must not include any critical minerals extracted, processed, or recycled in a “foreign entity of concern.”
- Batteries must meet a gradually increasing threshold of critical minerals extracted and processed in countries with free trade agreements with the United States, **beginning at 40% in 2023 and increasing by 10% each year through 2026.**
 - The percentage of the value of the battery’s components manufactured or assembled in North America must exceed thresholds of **50% beginning in 2023, increasing by 10% each year through 2028.**
- Manufacturers must also complete the final assembly of their vehicles in North America.

Used Clean Vehicle Credit

Qualifying used clean vehicles will benefit from a tax credit of up to \$4,000 or 30% of vehicle cost, whichever is lower. In addition, they are not subject to the same sourcing requirements as new EVs.

Approximately 70% of car buyers in the U.S. are in the market for used cars, and the credit for used EVs will play a critical role in increasing access for a broad range of customers.

Minimum vehicle age: 2 years

Maximum eligible vehicle price: \$25,000

Maximum AGI for credit eligibility:

- \$75,000 Single
- \$112,500 Head of Household
- \$150,000 Joint

Commercial EV Tax Credit

Starting in 2024, clean commercial vehicles will be eligible for a tax credit equal to the lesser of 30% of the vehicle cost or the difference between the cost of the clean vehicle and its gas-powered counterpart. The provision takes effect after 12/31/2022 for vehicles acquired before 12/31/2032.

The provision is subject to a series of limits:

- \$7,500 cap for vehicles lighter than 14,000 lbs (Class 1-3)
- \$40,000 cap for vehicles heavier than 14,000 lbs (Class 4-8)
- Reduced credit of 15% for vehicles powered by an internal combustion engine.

Medium- and heavy-duty vehicles account for 24% of all transportation greenhouse gas (GHG) emissions despite comprising less than 10% of vehicles on the road.



Alternative Fuel Vehicle Refueling Infrastructure Tax Credit

For commercial entities:

The maximum incentive is 30% or \$100,000 per charger (up from \$30K per property), whichever is of lesser value.

For individuals:

\$1,000 or 30% of installed cost, or whichever is of lesser value.

Advanced Manufacturing Production Tax Credit

Provides:

- \$35 per kWh in each battery cell,
- \$10 per kWh in each battery module,
- additionally covers 10% production costs for applicable critical materials incurred by the taxpayer.

Production must be in the U.S. or a U.S. possession.

CREDIT PHASE OUT
STARTING IN 2029:

- 75% in 2030
- 50% in 2031
- 25% in 2032
- 0% in 2033

Advanced Energy Project Tax Credits:

- \$10 billion to build clean-tech manufacturing facilities, including:
- EV tech, components, vehicle materials, associated charging or refueling infrastructure.
 - Projects that re-equip, expand, or establish an industrial facility for processing, refining, or recycling critical materials.

Infrastructure, Investment and Jobs Act

- \$7.5bn to build a national charging network, distributed over 5 years across two programs:
 - \$5bn for the National EV Infrastructure (NEVI) Formula Program
 - \$2.5bn for the Charging Fueling Infrastructure Program
- \$5bn for states and school districts to electrify buses via the Clean School Bus Program.
- \$5.25bn for developing zero-emission transit models (EVs eligible for 75% of the funds).
- \$750m for the Advanced Energy Manufacturing and Recycling Grant Program
- Surface Transportation Block Grant Program to fund EV charging infrastructure and vehicle-to-grid infrastructure.
- Streamlines the permitting process on federal land for critical minerals by directing the Bureau of Land Management and the US Forest Service to more efficiently complete federal permitting.