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IRA & IIJA:
An Investment in American 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:
• $150,000 for Single filers • $225,000 for Heads of Households • $300,000 for Joint filers	• $80,000 for vans, SUVs, & pickup trucks • $55,000 for all other vehicles

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.

Mininum 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.

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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.

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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.