

INFLATION REDUCTION ACT – TAX AND HEALTHCARE PROVISIONS

The Inflation Reduction Act (IRA) will fight inflation and lower healthcare costs through policies that will:

- ***Fight inflation*** by investing \$300 billion in deficit reduction
- ***Close tax loopholes*** and make the biggest corporations and ultra-wealthy pay their fair share
- ***No new taxes*** on families making \$400,000 or less or small businesses
- ***Reduce drug costs*** by allowing Medicare to negotiate drug prices
- ***Cap out-of-pocket costs*** for Medicare beneficiaries at \$2,000 year
- ***Lower ACA health care premiums*** for millions of Americans

THE IRA FIGHTS INFLATION

The IRA takes critical steps to address inflation by making historic investments in deficit reduction and ensuring that the biggest corporations and billionaires pay their fair share. Specifically, the IRA will:

- Invest \$300 billion in deficit reduction.
- Increase tax enforcement and compliance to allow the Internal Revenue Service to enforce the tax code we already have.
- Impose a 15% domestic tax on billion-dollar companies to ensure they don't operate for free in our economy while not increasing taxes on small businesses owners.
- Close the carried interest loophole to ensure wealthy investors are taxed at the same rate as working Americans.
- Maintain a level playing field for U.S. businesses on the world stage to ensure they are not at a disadvantage against international competitors.

THE IRA LOWERS HEALTHCARE COSTS

The IRA lowers healthcare costs for millions of Americans through policies that protect consumers and hold drug companies accountable. Specifically, the IRA will:

- Empower Medicare to negotiate prescription drug prices, beginning with ten of the highest-costing drugs in 2023 and expanding to 20 each year by 2029, saving \$100 billion.
- Cap Medicare beneficiaries' out-of-pocket costs at \$2,000 per year, with the ability to spread the cost over monthly payments, saving more than a million seniors \$1,200 per year.

- Extend for three years provisions from the American Rescue Plan (ARP) that improved health care affordability for people who buy insurance on the individual marketplaces.
- Penalize drug companies for outrageous price hikes. Drug companies – not consumers – will now be on the hook for drug prices that exceed inflation. Drug companies will lose current incentives to keep costs high by secretly negotiating with insurers and pharmacy benefit managers to ramp up profits at the expense of patients. This prohibition will save Medicare \$71 billion.
- Provide free vaccines for seniors under Medicare, including COVID vaccines, the shingles vaccine, and other necessary vaccines.
- Increase help for low-income seniors, giving all qualifying Medicare beneficiaries the full low-income subsidy under Medicare Part D. The average value of this assistance is around \$5,000 per person.
- Stabilize Part D premiums in Medicare, ensuring seniors and people with disabilities will never see their premiums increase more than 6% from year to year through 2029.

INFLATION REDUCTION ACT - ENERGY SECURITY PROVISIONS

The Inflation Reduction Act (IRA) includes historic energy security provisions that will:

- ***Save Americans money*** 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 are passed on to them;
- ***Increase energy security*** through increased production, reliability, and all-of-the-above policies;
- ***Decarbonize*** through investment in energy technologies, natural carbon reduction practices, and displacing dirtier product around the world; and
- ***Invest in domestic manufacturing supply chains*** to address our vulnerabilities and create jobs here at home.

THE IRA SAVES AMERICANS MONEY

The IRA fights inflation and saves Americans money by:

- Sending the market signals that industry needs to increase oil and gas production and invest in other fuels, which will reduce prices at the pump. The IRA will immediately validate the historic Fall 2020 offshore oil and gas lease sale that a court threw out and require three more lease sales to take place by the end of 2023, and also hold the Administration's feet to the fire to ensure they continue substantial oil and gas leasing.
- Encouraging innovation and boosting competition by increasing diversity of the nation's energy sources.
- Unclogging bottlenecks in our energy supply chains, which are creating unprecedented price increases.
- Helping families and businesses make investments in energy efficiency upgrades that reduce their monthly bills, which is the low hanging fruit in terms of lowering costs and getting the most productivity out of each kilowatt.
- Making targeted investments that complement and build on the investments provided in the Infrastructure, Investment, and Jobs Act without double dipping.

THE IRA INCREASES OUR ENERGY SECURITY

The IRA takes critical steps to strengthen American energy security in an all-of-the-above way through policies that enhance reliability, ensure domestic production, and strengthen vulnerable supply chains by bringing manufacturing and mining back to North America. Specifically, the IRA:

- Ensures that fossil fuel resources are not arbitrarily eliminated over the next decade, giving companies the confidence they need to invest in domestic energy that is produced in the cleanest way possible and guaranteeing we can continue to provide reliable baseload energy for America and our allies.
- Invests in energy storage and provides incentives for transmission buildout to allow renewable energy resources to be used more reliably across the country.
- Supports energy efficiency to stabilize energy consumption. This will increase energy productivity and economic competitiveness while reduce spikes in energy demand that drive up energy costs and destabilize the grid.
- Onshores supply chains through new tax credits and direct support for manufacturing supply chain resilience, making American energy technologies, vehicles, national security equipment, etc. less vulnerable to anti-competitive behavior of countries that don't share our values, as well through as targeted investments for factories in coal country and rural areas that have seen too little investment in recent decades.

THE IRA HELPS DECARBONIZE ALL SECTORS OF OUR ECONOMY

The IRA will put us on a common-sense, affordable path to making significant reductions in the United States' greenhouse gas emissions. The investments address greenhouse gas emissions across all sectors of the U.S. economy, utilize a diverse portfolio of crucial existing technologies, and advance new technologies and their supply chains to continue building on that progress.

- **Power** (25% of US GHG in 2020):
 - Transitions electricity tax credits to a fuel-neutral format, allowing all zero-emission fuels to take advantage of either an investment or production tax credit. As a result, for the first time ever there are tax credits available to incentivize critical technologies like energy storage, fusion, and advanced nuclear reactors, looking towards technologies of the future.
 - Increases the value of the 45Q carbon capture tax credit and institutes the first-ever production tax credit for existing nuclear and hydrogen.
 - Unlocks energy tax credits for non-profits like rural electric cooperatives and municipal and other public power utilities.
 - Provides seed funding for loan programs to invest in innovative technologies and for States to establish revolving loans for low-emission projects.
- **Industrial** (24% of US GHG in 2020): Invests \$5.8 billion to demonstrate major advances in decarbonizing the industrial sector, which is a hard to abate sector of the economy, and supports the reduction of hydrofluorocarbons

(HFCs) by funding implementation of the bipartisan law addressing these potent industrial greenhouse gasses.

- ***Agricultural/land use (11% of US GHG in 2020):*** Provides over \$25 billion for natural solutions for decarbonization, including agricultural practices that will support and strengthen carbon management practices for farms and forests, tackle wildfires, and support conservation work on public lands.
- ***Buildings (13% of US GHG in 2020):*** Provides stronger tax credits and rebates for energy efficiency upgrades to commercial and residential buildings, provides \$1 billion for States to adopt updated building energy codes on a voluntary basis, and supports energy and water efficiency upgrades in affordable housing.
- ***Transportation (27% of US GHG in 2020):*** Revises the tax credit for electric and hydrogen vehicles to drive the onshoring of supply chains for critical minerals and batteries and require cars to be assembled in North America. Opens up the clean vehicle market to the average American by creating a new credit for previously-owned vehicles. Targets refueling incentives in rural and low-income areas. Invests in cleaner, sustainable aviation fuels of the future.
- ***Decarbonizing the fuels that are used in all sectors:*** Invests in innovative technologies like CCUS, hydrogen, and practical, rather than punitive, methane reduction measures to decarbonize our domestic fossil fuels, paving the way for an all-of-the above policy focused on innovation, rather than elimination. This will also help get more product to market and assist our allies as they reduce reliance on un-democratic regimes and displace higher-emission fuels globally.

THE IRA DRIVES INVESTMENT IN FOSSIL FUEL COMMUNITIES

- The IRA expands the 48C investment tax credit for clean energy manufacturers, with \$4 billion reserved for use exclusively in coal communities, in addition to making the use of the electricity tax credits more valuable if used in coal and other fossil fuel communities.
- The IRA permanently extends the Black Lung Disability Trust Fund after it lapsed at the end of 2021.