Press Release

Evaluating the IRA's Clean Energy Tax Provisions

PAULINA ENCK | JANUARY 8, 2025

Congress is likely to revisit the Inflation Reduction Act's (IRA) 22 clean energy tax provisions as part of a broad tax reform debate in the new year. In a new insight, Director of Energy and Environmental Policy Shuting Pomerleau provides an overview of the IRA's major clean energy tax provisions, as well as a framework for lawmakers to evaluate its key provisions.

Key points:

- *Among the IRA's clean energy provisions are production and investment tax credits, transportation-related tax credits, and other tax incentives for carbon emissions mitigation and energy efficiency.*
- *When debating whether to repeal, restructure, or otherwise reform these clean energy tax provisions – which are estimated to cost more than $870 billion between 2022–2031, more than double the initial cost estimate – lawmakers may benefit from using a framework of simplicity, efficiency, and fiscal sustainability.*
- *Among other things, lawmakers could consider removing the complex eligibility and bonus credit requirements and modifying the industry-specific tax provisions to be technology-neutral, as well as repealing some or all the clean energy tax provisions, which would save as much as $852 billion from 2026–2035.*

Read the analysis