



Press Release

Repealing IRA Energy Credits: Senate Proposal

ALLIE WATSON | JUNE 17, 2025

The Senate Finance Committee's draft of the reconciliation legislation retains most of the House of Representatives-passed provisions to overhaul the 2022 Inflation Reduction Act's (IRA) energy credits but softens some of the restrictions in a few key ways. In a new insight, Director of Energy and Environmental Policy Shuting Pomerleau explores how the legislation's treatment of the energy tax credits differs from the House proposal and current law.

An excerpt:

The Senate Finance Committee would significantly pare back the IRA energy credits, including by repealing all the new, used, and commercial clean vehicle credits, residential clean energy credits, and energy efficiency credits a few months after the enactment of the law. Additionally, it would add restrictions related to Foreign Entities of Concern (FEOC) to many of the energy provisions, which would prohibit taxpayers who are considered FEOC or engage in economic activities with FEOCs from claiming the credits.

The Senate proposal would also remove the emissions target expiration provisions in current law for credits such as the clean electricity production or investment credit. Instead, it proposes to replace them with a fast phaseout for wind and solar energy by 2028 and a slow phaseout for other energy sources such as nuclear, geothermal, and hydropower by 2036.

[Read the analysis.](#)