



11 | 30 | 22

The Inflation Reduction Act of 2022

Investments for Tribal and Indigenous Communities

Authors: Jamal K. Lewis, Rewiring America. Jade Begay and Kailea Frederick, NDN Collective

The Inflation Reduction Act of 2022 (IRA) **directs over \$722 million** specifically to Tribal and Indigenous communities and includes another **\$46 billion** that Tribal and Indigenous communities are eligible to apply for.¹ For electrification, the IRA makes available over **\$35 billion** in resources to Tribal and Indigenous communities. This brief outlines the IRA provisions designated to help Tribal and Indigenous communities lower their energy costs, transform their energy systems and reduce pollution through efficient, beneficial electrification.

These provisions have the potential to save Indigenous families money, build wealth in their communities, provide financial stability and improve health outcomes. Notably, the average household would **save \$1,800 a year by electrifying their lives** with an efficient electric heat pump for space heating and cooling, a heat pump water heater, one electric vehicle and solar panels.² These savings would be reflected in lower monthly energy bills and would result in dollar savings that add up. If a household invested the energy bill savings from electrifying their home appliances with a typical 8 percent return, that investment would grow to over \$30,000 after 10 years and \$140,000 after 25 years, building wealth within their community.³ In addition, by electrifying, families will become independent from the volatile, global oil and gas markets. This will result in greater energy bill security, meaning they can plan for their monthly and yearly expenses with greater certainty.

¹ [United States Senate Committee on Indian Affairs](#), August, 2022.

² [The Electric Explainer: Key Programs in the Inflation Reduction Act and What They Mean for Americans](#), Rewiring America, 2022.

³ [The IRA as an IRA](#), Rewiring America, 2022. Assumes a typical rate of return of eight percent.

Clean, efficient electric appliances will also eliminate exposure to harmful pollutants and carcinogens from fossil fuel appliances,⁴ thereby improving indoor air quality and reducing the risk of poor health outcomes.⁵ These benefits are critical for Tribal and Indigenous communities that have too often been on the frontlines of pollution.

Non-Tax Provisions for Tribal and Indigenous Communities

- Gray background indicates provisions that could be used to support electrification.

Provision Name	Description
<p>High-Efficiency Electric Homes and Rebates Act (Sec. 50122, page 583)</p> <p>Administered by the Department of Energy (DOE)</p>	<p>\$225M for Indian Tribes to provide rebates for qualified electrification projects</p> <ul style="list-style-type: none"> • Maximum allowable amount- \$14,000 • Maximum per equipment: <ul style="list-style-type: none"> ○ Heat pump for space heating and cooling - \$8,000 ○ Heat pump water heater - \$1,750 ○ Electric stove - \$840 ○ Heat pump clothes dryer - \$840 ○ Breaker box - \$4,000 ○ Insulation, air sealing, ventilation - \$1,600 ○ Electric wiring - \$2,500 • 100% of costs covered for households with incomes below 80% of AMI • 50% of costs covered for households with incomes between 80-150% of AMI • Eligible multi-family buildings: at least 50% of residents are LMI • Costs include equipment purchase and installation • Rebates must be passed onto the customer at point of sale; a separate incentive of \$500 is available to contractors <p>20% to state energy offices and Tribes for administration</p>

⁴ [Natural Gas Used in Homes Contains Hazardous Air Pollutants](#), Harvard T.H. Chan School of Public Health, 2022.

⁵ [Gas Stoves: Health and Air Quality Impacts and Solutions](#), RMI, 2020.

<p>Tribal Electrification Program (Sec. 80003, page 723) Administered by the Bureau on Indian Affairs (BIA)</p>	<p>\$150M total appropriations through FY2031</p> <hr/> <p>\$145.5M for home repairs and electrification</p> <ul style="list-style-type: none"> ● Providing electricity to unelectrified homes through zero-emissions energy systems ● Transitioning electrified Tribal homes to zero-emissions energy systems ● Associated home repairs and retrofits necessary for installation of zero-emissions energy systems <p>\$4.5M for administration</p>
<p>Tribal Energy Loan Guarantee Program (Sec. 50145, page 608) Administered by DOE</p>	<p>\$75M total appropriations through FY2025</p> <ul style="list-style-type: none"> ● Provides resources to guarantee loans for Tribal energy investments, which can include: <ul style="list-style-type: none"> ○ Electricity generation, transmission and/or distribution facilities that utilize renewable energy sources ○ Distributed energy project portfolios including portfolios of smaller distributed generation and storage facilities ○ District heating and cooling facilities <p>\$20B loan authority cap; predicted 5:1 capital leverage ratio</p> <p>Eligible borrowers include a Tribal Energy Development Organization (TEDO) that is wholly or substantially owned by a federally recognized tribe as well as Indian Tribes or entities, including Alaska Native villages or regional or village corporations, or other financial institutions or tribes meeting certain requirements by DOE, that are able to demonstrate being eligible for the special programs and services provided by the United States to Indians because of their status as Indians, or their wholly-owned entities with appropriate legal authority.</p> <p>Eligible projects include:</p> <ul style="list-style-type: none"> ● Electricity generation, transmission, and/or distribution facilities, utilizing renewable or conventional energy sources

	<ul style="list-style-type: none"> • Energy storage facilities, whether or not integrated with any of the above • District heating and cooling facilities • Distributed energy project portfolios, including portfolios of smaller distributed generation and storage facilities employed pursuant to a unified business plan <p>Eligible lenders include a federally regulated commercial bank, other financial institution, or a tribe satisfying requirements established by DOE, that is able to demonstrate experience and capability to evaluate, underwrite and negotiate energy development loans, similar to a proposed loan with its Tribal customers.</p>
<p>Tribal Climate Resilience (Sec. 80001, page 720) Administered by BIA</p>	<p>\$235M total appropriations through FY2031</p> <hr/> <p>\$220M for Tribal climate resilience and adaptation programs</p> <p>\$10M for fish hatchery operations and maintenance</p> <p>\$5M for administration</p>
<p>Native Hawaiian Climate Resilience and Adaptation (Sec. 80002, page 722) Administered by BIA</p>	<p>\$25M total appropriations through FY2031</p> <hr/> <p>\$23.5M for financial and technical assistance carry out climate resilience and adaptation activities through financial assistance, technical assistance, direct expenditures, grants, contracts or cooperative agreements</p> <p>\$1.5M for administration</p>
<p>Emergency Drought Relief for Tribes (Sec. 80004, page 724)</p>	<p>\$12.5M total appropriations through FY2026</p> <ul style="list-style-type: none"> • Near-term drought relief actions • Direct financial assistance to address drinking water shortages

Administered by BIA	<ul style="list-style-type: none"> • Mitigate the loss of Tribal trust resources
---------------------	---

Non-tax provisions with Tribal communities as an eligible recipient

- Gray background indicates provisions that could be used to support electrification.

Provision Name	Description
<p>Greenhouse Gas Reduction Fund</p> <p>(Sec. 60103, page 657)</p> <p>Administered by the Environmental Protection Agency (EPA)</p>	<p>\$27B total appropriations through FY2024</p> <hr/> <p>\$7B for grants to States, municipalities, Tribal governments, and eligible recipients for the purposes of providing grants, loans, or other forms of financial assistance, as well as technical assistance, to enable low-income and disadvantaged communities to deploy or benefit from zero-emission technologies, including distributed technologies on residential rooftops, and to carry out other greenhouse gas emission reduction activities</p> <p>\$8B to make grants, on a competitive basis and beginning not later than 180 calendar days after the date of enactment of this section, to eligible recipients for the purposes of providing technical assistance in low-income and disadvantaged communities</p> <p>\$12B in general assistance to make grants, on a competitive basis and beginning not later than 180 calendar days after the date of enactment of this section, to eligible recipients for the purposes of providing financial assistance and technical assistance</p> <p>\$30M for administration</p> <p>Use of funds:</p> <ul style="list-style-type: none"> • Direct investment <ul style="list-style-type: none"> ○ Provide financial assistance to qualified projects at the national, regional, State, and local levels; ○ Prioritize investment in qualified projects that would otherwise lack access to financing;

and

- Retain, manage, recycle, and monetize all repayments and other revenue received from fees, interest, repaid loans, and all other types of financial assistance provided using grant funds under this section to ensure continued operability
- Indirect investment
 - The eligible recipient shall provide funding and technical assistance to establish new or support existing public, quasi-public, not-for-profit, or nonprofit entities that provide financial assistance to qualified projects at the State, local, territorial, or **Tribal level** or in the District of Columbia, including community- and low-income focused lenders and capital providers

Eligible entities:

- A nonprofit organization that
 - Is designed to provide capital, including by leveraging private capital, and other forms of financial assistance for the rapid deployment of low- and zero-emission products, technologies, and services
 - Does not take deposits other than deposits from repayments and other revenue received from financial assistance provided using grant funds under this section
 - Is funded by public or charitable contributions
 - Invests in or finances projects alone or in conjunction with other investors

Qualified projects:

- Project, activity, or technology that
 - Reduces or avoids greenhouse gas emissions or other forms of air pollution in partnership with, and by leveraging investment from, the private sector; or
 - Assists communities in the efforts of those communities to reduce or avoid greenhouse gas emissions and other forms of air pollution

Publicly available equipment is equipment that:

- Is located at a multiunit housing structure
- Is located at a workplace and is available to employees of such workplace or employees of a

	<p>nearby workplace; or</p> <ul style="list-style-type: none"> • Is at a location that is publicly accessible for a minimum 12 hours per day at least 5 days per week and networked or otherwise capable of being monitored remotely.
<p>Environmental and Climate Justice Block Grants (Sec. 60201, page 694) Administered by EPA</p>	<p>\$3B total appropriations through FY2026</p> <hr/> <p>\$2.8B for grants to communities to address environmental and climate injustices</p> <p>\$200M for technical assistance</p> <p>7% for administration</p> <p>Community-led air and other pollution monitoring, prevention and remediation, and investments in low- and zero-emission and resilient technologies and related infrastructure and workforce development that help reduce greenhouse gas emissions and other air pollutants</p> <p>Mitigating climate and health risks from urban heat islands, extreme heat, wood heater emissions and wildfire events</p> <p>Climate resilience and adaptation</p> <p>Reducing indoor air toxins and indoor air pollution</p> <p>Facilitating engagement of disadvantaged communities in State and Federal public processes, including facilitating such engagement in advisory groups, workshops and rulemakings</p> <p>Eligible entities include:</p> <ul style="list-style-type: none"> • A partnership between <ul style="list-style-type: none"> ○ An Indian Tribe, a local government, or an institution of higher education; and ○ A community-based nonprofit organization • A community-based nonprofit organization; or • A partnership of community-based organizations

<p>Climate Pollution Reduction Grants</p> <p>(Sec. 60114, page 687)</p> <p>Administered by EPA</p>	<p>\$5B total appropriations through FY2026</p> <hr/> <p>\$250M for planning</p> <p>\$4.75B for implementation</p> <p>3% for administration</p> <p>Planning and implementation of programs, policies, measures and projects that will achieve or facilitate the reduction of greenhouse gas air pollution</p> <p>Applications for funding must include information regarding the degree to which greenhouse gas air pollution is projected to be reduced, including with respect to low-income and disadvantaged communities</p> <p>Eligible Entities include:</p> <ul style="list-style-type: none"> ● A State; ● An air pollution control agency; ● A municipality; ● <u>An Indian Tribe;</u>
<p>Clean Heavy-Duty Vehicles</p> <p>(Sec. 60101, page 650)</p> <p>Administered by the EPA</p>	<p>\$1B total appropriations through FY2031</p> <hr/> <p>\$600M in general funding</p> <p>\$400M through FY2031 in funding for nonattainment areas - areas that exceed the standard(s) for criteria pollutants - to make awards under this section to replace class 6 or class 7 heavy duty vehicles in these areas</p> <p>Beginning 180 after the enactment of this section, the Administrator shall implement a program to make awards of grants and rebates to eligible recipients, and to make awards of</p>

	<p>contracts to eligible contractors for provisioning rebates for up to 100% of costs for:</p> <ol style="list-style-type: none"> 1) The incremental costs of replacement an eligible vehicle that is not a zero-emission vehicle with a zero-emission vehicle, as determined by the Administrator based on the market value of the vehicles 2) purchasing , installing, operating, and maintaining infrastructure needed to charge , fuel, or maintain zero-emission vehicles 3) Workforce development and training to support the adoption and deployment of zero-emission vehicles 4) Planning and technical activities to support adoption and deployment of zero emission vehicles. <p>Eligible contractor means a contractor that has the capacity</p> <ol style="list-style-type: none"> 1) To sell, lease, license, or contract for service zero-emission vehicles needed to charge, fuel, or maintain zero-emission vehicles, to individuals or entities that own, lease, license, or contract for service an eligible vehicle 2) To arrange financing for such a sale, lease, license or contractor for service <p>Eligible recipient means</p> <ol style="list-style-type: none"> 1) A state 2) A municipality 3) An Indian Tribe or 4) A nonprofit school transportation association <p>Eligible vehicle means a class 6 or class 7 heavy-duty vehicle as defined in section 1037.801 of title 40</p>
<p>Low-Emissions Electricity Program</p> <p>(Sec. 60107, page 668)</p> <p>Administered by EPA</p>	<p>\$17M in appropriations through FY 2031</p> <ul style="list-style-type: none"> • Outreach and technical assistance to State, Tribal, and local governments, including through partnerships, with respect to reductions in greenhouse gas emissions that result from domestic electricity generation and use

<p>Investing in Coastal Communities and Climate Resilience</p> <p>(Sec. 40001, page 561)</p> <p>Administered by the National Oceanic and Atmospheric Administration</p>	<p>\$2.6B in total appropriations through FY2031</p> <ul style="list-style-type: none"> To provide funding through direct expenditure, contracts, grants, cooperative agreements or technical assistance to coastal states, the District of Columbia, Tribal Governments, nonprofit organizations, local governments and institutions of higher education for the conservation, restoration, and protection of coastal and marine habitats and resources, including fisheries, to enable coastal communities to prepare for extreme storms and other changing climate conditions, and for projects that support natural resources that sustain coastal and marine resource dependent communities and for related administrative expenses <p>"Tribal Government" means the recognized governing body of any Indian or Alaska Native tribe, band, nation, pueblo, village, community, component band, or component reservation, individually identified in the list most recently as of the date of enactment of this subsection pursuant to section 104 of the Federally Recognized Indian Tribe List Act of 1994</p>
<p>Grants to Reduce Air Pollution at Ports</p> <p>(Sec. 60102, page 653)</p> <p>Administered by EPA</p>	<p>\$3B total appropriations through FY2027</p> <hr/> <p>\$2.25B for competitive financial assistance</p> <p>\$750M for non-attainment areas</p> <p>Rebates and grants to, among other things, develop a qualified climate action plan, that:</p> <ul style="list-style-type: none"> Establishes goals, implementation strategies and accounting and inventory practices to reduce emissions at one or more ports Includes a strategy to collaborate with, communicate with and address potential effects on stakeholders that may be affected by implementation of the plan, including low-income and disadvantaged communities Describes how an eligible recipient has implemented or will implement measures to

	<p>increase the resilience of the one or more ports involved</p> <p>Eligible recipients include:</p> <ul style="list-style-type: none"> • A port authority • A State, regional, local or <u>Tribal agency that has jurisdiction over a port authority or port;</u> • An air pollution control agency; or • A private entity (including a nonprofit organization) that <ul style="list-style-type: none"> ○ Applies for a grant under this section in partnership with an eligible entity and ○ Owns, operates, or uses facilities, cargo-handling equipment, transportation equipment or related technology <p>Qualified Climate Action Plan:</p> <ul style="list-style-type: none"> • Establishes goals, implementation strategies, and accounting and inventory practices (including practices used to measure progress toward states goals) to reduce emissions at one or more ports of <ul style="list-style-type: none"> ○ Greenhouse gases ○ An air pollutant ○ Hazardous air pollutants • Includes a strategy to collaborate with, communicate with, and address potential effects on stakeholders that may be affected by implementation of the plan, including low-income and disadvantaged communities; and • Describes how an eligible recipient has implemented or will implement measures to increase the resilience of the one or more ports involved, including measures related to withstanding and recovering from extreme weather
<p>State and Private Forestry Conservation Programs</p> <p>(Sec. 23003, page 555)</p>	<p>\$700M in appropriations through 2031</p> <ul style="list-style-type: none"> • To provide competitive grants to States through the Forest Legacy Program established under section 7 of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2103c) to acquire land and interests in land, with priority given to grant applications that offer

<p>Administered by the Department of Agriculture</p>	<p>significant natural carbon sequestration benefits or provide benefits to underserved populations</p> <p>\$1.5B in appropriations through 2031</p> <ul style="list-style-type: none"> To provide multiyear, programmatic, competitive grants to a State agency, a local governmental entity, an agency or governmental entity of the District of Columbia, an Indian Tribe or a nonprofit organization through the Urban and Community Forestry Assistance program established under section 9(c) of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C 2105(c)) for tree planting and related activities, with priority for projects that benefit underserved populations and areas
<p>Funding for Enforcement Technology and Public Information</p> <p>(Sec. 60110, page 673)</p> <p>Administered by the EPA</p>	<p>\$18M in appropriations through FY2031</p> <ul style="list-style-type: none"> To upgrade the Integrated Compliance Information System of the Environmental Protection Agency and any associated systems, necessary information technology infrastructure or public access software tools to ensure access to compliance data and related information <p>\$3M in appropriations through FY2031</p> <ul style="list-style-type: none"> For grants to States, Indian Tribes, and air pollution control agencies to update their systems to ensure communication with Integrated Compliance Information System of the Environmental Protection Agency and any associated systems <p>\$4M through FY2031</p> <ol style="list-style-type: none"> To acquire or update inspection software for use by the Environmental Protection Agency, States, Indian Tribes, and air pollution control agencies Or to acquire necessary devices on which to run such inspection software
<p>Environmental Product Declaration Assistance</p>	<p>\$250M through FY2031</p>

<p>(Sec. 60112, page 676)</p> <p>Administered by the EPA</p>	<ul style="list-style-type: none"> ● To develop and carry out a program to support the development, and enhanced standardization and transparency, of environmental product declarations for construction materials and products, including by <ol style="list-style-type: none"> 1) Providing grants to businesses that manufacture construction materials and products in developing and verifying environmental product declarations and to States, Indian Tribes and nonprofit organizations that will support such businesses 2) Providing technical assistance to businesses that manufacture construction materials and products in developing and verifying environmental product declarations, and to States, Indian Tribes, and nonprofit organizations that will support such businesses 3) Carrying out other activities that assist in measuring, reporting, and steadily reducing the quantity of embodied carbon of construction materials and products
<p>Low-Carbon Transportation Materials Grants</p> <p>(Sec. 60506, page 712)</p> <p>Administered by the Federal Highway Administration</p>	<p>\$2B in appropriations through FY2031</p> <ul style="list-style-type: none"> ● To reimburse or provide incentives to eligible recipients for the use of low-embodied carbon construction materials and products in projects, and for the operations and administration of the Federal Highway Administration to carry out this section <p>Limitations: The Administrator shall only provide a reimbursement or incentive for a project on a:</p> <ul style="list-style-type: none"> ● Federal-aid highway; ● Tribal transportation facility ● Federal Lands transportation facility; or ● Federal lands access transportation facility <p>Eligible entities:</p> <ul style="list-style-type: none"> ● A State; ● A unit of local government; ● A political subdivision of a State; ● A territory of the United States; ● A metropolitan planning organization ● A special purpose district or public authority with transportation function

Tax Provisions that Invest in Tribal and Indigenous Communities

- Gray background indicates provisions that could be used to support electrification.

Provision	Description
<p>48 - Energy Credit for Solar and Wind Facilities in Connection with Low-Income Communities (Sec. 13103, page 276)</p> <p>Administered by IRS</p>	<p>Boosts the investment tax credit (ITC) by:</p> <ul style="list-style-type: none"> • 10% for solar and wind facilities that serve low-income communities and Indian communities • 20% for projects where at least 50% of the financial benefits accrue to low-income households <p>ITC: 6% base rate; 30% bonus rate for prevailing wage and apprenticeship requirements</p> <p>Qualified solar and wind facilities must be located in a low-income community or on Indian land and must be part of a qualified low-income residential building project or a qualified low-income economic benefit project</p> <p>Qualified low-income economic benefit projects must deliver at least 50 percent of the financial benefits of the electricity produced by a qualified facility to households with incomes less than 200% of the federal poverty limit or less than 80% of the area median income a</p>
<p>179D - Energy Efficiency Commercial Buildings Deduction (Sec. 13303, page 346)</p>	<p>Provides a deduction to the owner for any costs related to the installation of energy-efficient systems in commercial buildings.</p> <p>Increases the deduction from \$1.88 per square foot to \$5.00 per square foot</p> <p>Tax-exempt entities and Tribal entities can allocate deductions to architects, engineers, and</p>

<p>Administered by IRS</p>	<p>designers of the energy efficient building systems.</p> <p>Taxpayers can also now expense any improvements that improve the building's energy efficiency by 50% compared to ASHRAE standards, including partial deductions for any subsystem (HVAC, lighting, building envelope) that achieve 50% savings.</p>
<p>48D - Clean Electricity Investment Credit (Sec. 13702, page 464) Administered by IRS</p>	<p>Creates a new, technology-neutral, 10-year ITC for clean electricity in 2025</p> <p>6% base rate; 30% bonus rate for prevailing wage and apprenticeship requirements</p> <p>Boosts the tax credit by 10% for projects in energy communities</p> <p>Creates an annual allocation of environmental justice solar and wind capacity capacity, which can provide</p> <ul style="list-style-type: none"> • 10% in additional credits for facilities that are located in low-income communities or <u>on Indian land; or</u> • 20% in additional credits for facilities that are part of a low-income residential building project, or part of a low-income economic benefit project.
<p>30D - Clean Vehicle Credit (Sec. 13401, page 366) Administered by IRS</p>	<p>Provides \$7,500 credit for purchase of new electric vehicles (EVs) with a manufacturer's suggested retail price (MSRP) limit of \$55K for sedans and \$80K for vans, trucks and sport utility vehicles</p> <p>Individuals with Adjusted Gross Incomes (AGI) below \$150K, heads of household with AGI below \$225K and joint filers with AGI below \$300K</p>
<p>25E - Credit for Previously-Owned Clean Vehicles (Sec. 13402, page 387)</p>	<p>Provides a credit of the lesser of 30% of sale price or \$4,000 for used EVs that are at least two model years before the calendar year of purchase, are under 14,000 pounds in weight and have an MSRP limit of \$25,000</p>

Administered by IRS	
<p>Elective Payment for Energy Property And Electricity Produced from Certain Renewable Resources, Etc.</p> <p>(Sec. 13801, page 499)</p> <p>Administered by IRS</p>	<p>Allows tax-exempt entities, state, local, and Tribal governments to benefit from refundability and direct-pay of certain tax credits including</p> <ul style="list-style-type: none"> • 30C - credit for alternative fuel refueling property • 45 - renewable energy product credit • 45Q - Carbon oxide sequestration credit • 45U - Zero-emission nuclear power production credit • 45W - qualified commercial vehicles credit • 45X - advanced manufacturing production credit, 45Z clean fuel production credit • 48 - energy investment credit • 48C - qualifying advanced energy project credit • 48D - clean energy investment credit <p>Refundability allows entities that do not owe taxes to receive a tax refund for certain investments.</p> <p>Direct pay enables entities to treat the tax credit as an overpayment of taxes, which would result in a refund payment that can be paid from the IRS directly to the entity.</p>

For more information:

Media@RewiringAmerica.org