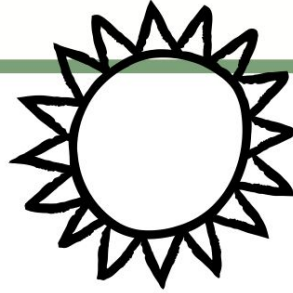


The Inflation Reduction Act of 2022

Saving Money, Saving the Planet

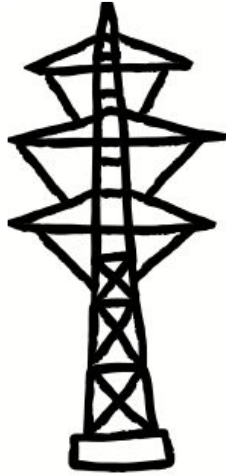


Reducing the use of fossil fuels is the single most important step the global community can take to reduce climate change impacts.

About the IRA

The Inflation Reduction Act of 2022 makes the single largest investment in climate and energy in American history.

The IRA demonstrates the U.S.'s serious commitment to halving its own greenhouse gas emissions by 2030. It includes a multitude of provisions aimed at empowering local communities to go solar, retrofit their homes for greater energy efficiency, and reduce energy expenditures.



Residential Clean Energy Property Credit

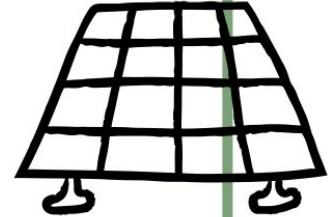
The Residential Clean Energy Property Credit (25D) allows for a 30% tax deduction of the cost of solar projects, including solar installation and home battery storage. The IRA amended the credits for energy efficient improvements under 25C and 25D of the Internal Revenue Code – this includes the very popular Solar Investment Credit (ITC).

After 2033, however, the credit percentages will begin to phase down. All solar installations placed in service after 2033 will receive a 26% credit; 22% in 2034; and no credit after December 31st, 2034.

The Residential Clean Energy Credit (25D) allows households to deduct 30% of the cost of solar projects and battery storage systems.

The following clean energy expenditures are eligible for a 30% tax credit:

- solar panels
- solar water heaters
- fuel cells
- wind turbines
- geothermal heat pumps
- battery storage



Energy efficiency requirements that must be met to receive the credit:

- Battery storage technology property must have a 3 kilowatt-hours or greater storage capacity
- Solar Water heating property must have certification by either the government or the non-profit Solar Rating Certification Corporation
- Geothermal heat pumps must meet the requirements of the Energy Star program requirements



Traditional roofing materials and components do not qualify for the Residential Clean Energy Credit. However, solar roofing tiles and solar roofing shingles that serve as electric collectors and structural supports qualify for the energy credit.

Solar Investment Tax Credit

The IRA amends the Solar Investment Tax Credit (ITC) to increase its tax percentage to 30 percent, with additional commercial tax bonuses dependent on certain installation qualities. The Solar Investment Tax Credit, enacted in 2006, has helped grow the solar industry for several decades, creating thousands of jobs and progressing the solar movement throughout the nation.



Direct Pay

The IRA included a new elective payment option known as “direct pay,” which enables tax-exempt organizations to receive solar credits as upfront payments rather than as tax credits. Direct pay is a tremendous opportunity for nonprofits and houses of worship to implement solar energy in their physical spaces.

Energy Efficient Home Improvement Credit

The Energy Efficient Home Improvement Credit (25C) allows households to deduct 30% of the cost of energy efficiency upgrades from their taxes, including heat pumps, energy audits, insulation, and more.

High-Efficiency Electric Home Rebate Act

The High-Efficiency Electric Home Rebate Act (HEEHRA) provides \$4.5 billion in direct rebates for low to moderate- income households for the installation of new energy-efficient appliances.

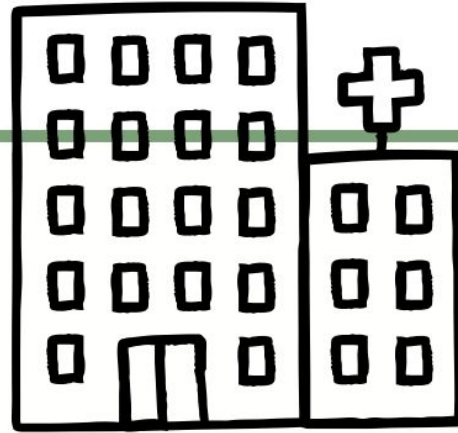
Clean Vehicle Credit

The Clean Vehicle Credit (30D) provides a \$7,500 credit for new electric vehicles and a \$4,000 credit for used electric vehicles. New electric vehicles are those placed in service after January 1, 2023, for use by the taxpayer.

The Social Cost of Carbon

Greenhouse gas emissions are responsible for environmental impacts, and they also generate economic, and health challenges. A new report estimates that the “social cost” of greenhouse gas emissions is roughly \$185 per metric ton—the economic damages, in dollars, that result from the emission of one additional ton of carbon dioxide into the atmosphere.¹¹

The processes that yield greenhouse gas emissions also result in emissions that make people sick. The Rhodium Group, an independent research organization, estimates that by 2030, the IRA will cut conventional air pollutants resulting from electric power by roughly 82% compared to 2021 levels.¹²



Texas Energy Laws Related to the IRA

The IRA provides a nationwide program that will benefit all Americans, regardless of where they live—but some Americans will achieve better outcomes than others, because states and cities often provide energy efficiency incentives that their residents can leverage with IRA benefits.

The Database of State Incentives for Renewables and Efficiency (DSIRE) provides comprehensive information on incentives and policies that support renewable energy and energy efficiency in the United States. DSIRE also provides updated information on eligible technologies, applicable sectors, and potential energy savings.

IRA Climate Care Provisions



- Greenhouse Gas Reduction Fund
- Environmental and Climate Justice Block Grants
- Indigenous and Native Climate Care Provisions
- Rural Climate Care Provisions
- Forest Care Provisions



Ready, Set, Action

Ready to save money and save the planet? Here are the first steps:

- Use Rewiring America's IRA Savings Calculator to estimate how much you can save based on your household composition and income. Find the calculator at <https://www.rewiringamerica.org/app/ira-calculator>
- Conduct an energy audit of your residence to determine the energy consumption and efficiency of your home. Even the cost of your audit, or a portion of the cost, may be covered by IRA.

- Research your local government and energy providers' programs to see if there are additional savings you may be able to layer on the IRA's tax incentives.

For residential consumers, energy service providers often can streamline most of these steps. For houses of worship, the process often is more complex and time-consuming. Assembling an energy task force is a great strategy to give structure to the process and provide accountability and transparency for the entire congregation.