

## Summary of Local Government Grant Provisions in the Inflation Reduction Act

### Background

The Senate on Sunday passed the Inflation Reduction Act (IRA), sending the measure to the House for a final vote on Friday, August 12. Passage of the bill will send the roughly \$740 billion measure to President Joe Biden's desk this weekend.

The broad legislation includes changes to tax policy, invests in efforts to help reduce climate change, and changes federal law relating to prescription drugs. Please let us know if you would like more information on any of these issues, but in the meantime, following is a summary of grant programs that are or will be available to local government entities:

- **Clean Heavy-Duty Vehicles.** Provides \$1 billion to the Environmental Protection Agency (EPA) for a new program to award grants and rebates to States, municipalities, Indian tribes, and nonprofit school transportation associations to help replace medium and heavy-duty vehicles with zero-emitting vehicles. Eligible vehicles include garbage trucks, beverage trucks, tow trucks, school buses, and single-axle trucks.
  - Funding could also be used to purchase, install, operate and maintain the infrastructure needed to charge, fuel or maintain zero-emission vehicles; for the workforce development and training to support the maintenance, charging, fueling and operation of the zero-emission vehicles; or to plan and provide technical assistance to support of zero-emission vehicle adoption and deployment.
  - The bill requires that 40 percent of funding (\$400 million) be directed to recipients proposing to replace eligible heavy-duty vehicles serving communities located in nonattainment areas (i.e., areas with high air pollution).
- **Climate Pollution Reduction Grants.** Provides \$5 billion for a new EPA competitive grant program for the planning and implementation of greenhouse gas reduction programs. Specifically, the bill provides EPA with \$250 million for planning grants and \$4.75 billion for implementation grants for programs, policies, measures, and other investments that will achieve or facilitate greenhouse gas emission reductions. Entities eligible to receive grants include States, air pollution control agencies, municipalities, and Indian tribes.
  - To apply for a grant, applicants must include information regarding the projected reduction of GHG air pollution reductions, including in low-income and disadvantaged communities in its plan.

- **Environmental and Climate Justice Block Grants.** Provides \$3 billion to EPA for a new program to award grants and provide technical assistance to address disproportionate environmental and public health harms related to pollution and climate change that impact disadvantaged communities.
  - Eligible funding recipients will be community-based nonprofits or organizations, or a partnership between community-based nonprofit organizations and a tribe, a local government or an institution of higher education.
  - Of these funds, \$2.8 billion is provided for grants to support eligible activities, \$200 million is provided for technical assistance grants. Eligible activities fall into five categories:
    1. Pollution monitoring, prevention and environmental remediation; 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;
    2. Mitigating climate and health risks from urban heat islands, extreme heat, wood heater emissions, and wildfire events;
    3. Climate resiliency and adaptation;
    4. Reducing indoor toxics and indoor air pollution; and
    5. Facilitating engagement of disadvantaged communities in State and Federal public processes.
  
- **Neighborhood Access and Equity Grant Program.** Provides \$3 billion for a new Department of Transportation program that distributes competitive grants to States, local governments, and metropolitan planning organizations to improve transportation equity and accessibility and mitigate environmental impacts from transportation facilities.
  1. Construction of projects to remove, improve, or replace a transportation facility that is an obstacle to neighborhood connectivity, or projects to restore walkability and access in disadvantaged communities, or to improve access for bicyclists and pedestrians;
  2. Projects to mitigate the effects of existing surface transportation facilities on safety and the environment, including air pollution, noise pollution, and stormwater runoff, and;
  3. Predevelopment projects to conduct transportation-related planning, monitoring, community engagement, technical assistance, and capacity building.
  
- **Investing in Coastal Communities and Climate Resilience.** Provides \$2.6 billion to the National Oceanic and Atmospheric Administration for conservation, restoration and protection of coastal and marine habitats and resources, including fisheries, to prepare for extreme storms and climate change effects, as well as for projects that support natural resources to sustain coastal and marine resource dependent communities.
  - Funds may take the form of grants, cooperative agreements, or technical assistance to coastal states, District of Columbia, tribal governments, nonprofits, local governments and higher education institutes.

- **Improving Energy Efficiency or Water Efficiency or Climate Resilience of Affordable Housing.** Provides \$837.5 million for Housing and Urban Development loans and grants to fund projects targeting affordable housing and improving energy or water efficiency, enhance indoor air quality or sustainability, implement the use of zero-emission electricity generation, low-emission building materials or processes, energy storage, or building electrification or to address climate resilience. Principal amount of direct loans supported by the program not to exceed \$4 billion. Also provides funding for related activities, including implementation, cooperative agreements, and benchmarking of eligible properties.
- **Funding to Address Air Pollution.** Provides \$280.5 million to the EPA fund climate and clean air activities, including \$117.5 million for grants and other activities for air toxics and community air quality monitoring systems and \$50 million for grants and other activities to expand, replace, repair, operate and maintain the national ambient air quality multipollutant monitoring network, among other things.
- **Assistance of Latest and Zero Building Energy Code Adoption.** Provides \$1 billion for support to state and local governments to adopt updated building codes:
  - \$330 million to the Department of Energy to support states and local communities to adopt updated building energy codes for residential and commercial buildings, or to implement a plan to achieve full compliance including training and enforcement programs. Under this title, residential buildings must meet or exceed the 2021 International Energy Conservation Code or achieve equivalent or greater energy savings. Commercial buildings must meet or exceed the ANSI/ASHRAE/IES Standard 90.1-2019 or achieve equivalent or greater energy savings.
  - \$670 million for DOE to support grants for states and local governments to adopt building codes that meet or exceed zero energy provisions in the 2021 International Energy Conservation Code or an equivalent stretch code and implement a plan to achieve full compliance including training and enforcement.
- **Grants to Reduce Air Pollution at Ports.** Provides \$3 billion to EPA to fund a new competitive grant program for port authorities, state and municipal governments, or private entities to fund the purchase or installation of zero-emissions port equipment and technology and the development of climate action plans to reduce air pollutants at ports.
  - The bill allocates 25 percent of the funding for investments made at ports in nonattainment areas.
- **Diesel Emissions Reductions.** Provides \$60 million in funding to EPA to address diesel emissions through the existing Diesel Emissions Reduction Act ([DERA](#)) program, which provides competitive grants to state and local transportation agencies to replace diesel-powered vehicles.

- **Drought Mitigation in Bureau of Reclamation States.** Provides \$4 billion in new funding for grants, contracts, or financial assistance agreements to public entities and Indian Tribes that fund the following activities to mitigate the impacts of drought in the Reclamation States, with priority given to the Colorado River Basin and other basins experiencing comparable levels of long- term drought, to be implemented in compliance with applicable environmental law:
  1. Compensation for reduction of water use;
  2. Voluntary system conservation projects in the Lower Basin or Upper Basin of the Colorado River; and
  3. Ecosystem restoration projects to address issues caused by drought in a river basin or inland water body.
  
- **Bureau of Reclamation Domestic Water Supply Projects.** Provides \$550 million in new funding for grants, contracts, or financial assistance agreements for disadvantaged communities for up to 100 percent of the cost of the planning, design, or construction of water projects that would provide domestic water supplies to communities or households that do not have reliable access to domestic water supplies.