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| [**BGOV Bill Summary: Reconciliation Bill**](https://www.bgov.com/next/news/RGQ9E1T1UM0W)  |
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| By Christina Banoub, Dan Lee, Lauren Turenchalk and Brittney Washington / August 16, 2022 05:37PM ET / Bloomberg Government |
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| Tax Changes**Corporate Minimum Tax:** The measure would impose a 15% minimum tax in tax years after 2022 on the income corporations report on their financial statements, or “book income,” with some adjustments.The minimum tax would apply to corporations with more than $1 billion in average annual income over a three-year period. US corporations that are members of a foreign-parented multinational group for any taxable year would need to have earned at least $100 million in such income. Foreign corporations that are engaged in a trade or business with the US would be treated as a separate domestic corporation that is owned by a foreign corporation. Corporations would pay the larger of the minimum tax or the statutory corporate tax — which is currently 21%.Financial statement income would be: * Reduced by depreciation deductions — deductions for the exhaustion or wear and tear of a physical property used for trade, business, or held for the production of income.
* Adjusted to disregard any amount of depreciation expense on a taxpayer’s financial statement for a property.
* Reduced by amortization deductions — deductions for certain capital costs for non-physical assets over time — for wireless spectrum used in the business of a wireless telecommunications carrier and acquired after Dec. 31, 2007, and before the measure’s enactment.
* Adjusted to disregard an amortization expense on a taxpayer’s financial statement for wireless spectrum.

The minimum tax would also apply to corporations that have been in existence for less than three years, though S corporations, regulated investment companies, and real estate investment trusts would be excluded from the provision. Portfolio companies could be treated as separate from their owner. Republican lawmakers argued that many small and medium-sized businesses would have been otherwise affected by the minimum tax.Under the minimum tax, as much as 80% of losses could be carried over to offset financial income in future years. Corporations could claim certain domestic and foreign tax credits to offset the minimum tax.The JCT [estimated](https://www.jct.gov/publications/2022/jcx-18-22/) the provision would generate $222.2 billion in revenue from fiscal 2022 through 2031.**Stock Repurchases:** The measure would impose a 1% excise tax of the fair market value of any stock repurchase in a tax year by a publicly traded US corporation, including any subsidiary that has 50% or more of its stock owned by a corporation. Firms purchase their own shares as an alternative way to distribute income to shareholders, with a lower tax rate compared to divided distributions. The tax would also apply to stock repurchases of certain foreign corporations by subsidiaries and covered surrogate foreign co rporations.The tax would take effect in 2023. It would exempt stock repurchases that are: * Less than $1 million.
* Contributed to an employer-sponsored retirement plan, stock ownership plan, or similar plan.
* Part of a reorganization with no gain or loss recognized.
* Made by a regulated investment company or a real estate investment trust.
* Treated as a dividend.

JCT [estimated](https://www.jct.gov/publications/2022/jcx-18-22/) the provision would generate $73.7 billion in revenue over 10 years.Read more: [Buyback Bonanza Could Fill Lag in Repurchase-Tax Effective Date](https://www.bgov.com/core/news_articles/RG7P3ST0AFB4)**Excess Business Loss:** The measure would also extend for two years the limitation on excess business losses of noncorporate taxpayers, including pass-through businesses. Under current law, such taxpayers can’t deduct losses for tax years through 2026.IRS FundingThe measure would appropriate the following amounts for the IRS in fiscal 2022:* $45.6 billion for tax enforcement activities, including legal and litigation support, criminal investigations, and digital asset monitoring and compliance activities.
* $25.3 billion for operations support, including rent payments, facilities services, other IRS-wide administration activities, research and statistics of income, and information technology development.
* $4.75 billion for business systems modernization to provide a more personalized customer service.
* $3.18 billion for taxpayer services, including pre-filing assistance and education, filing and account services, and taxpayer advocacy services.

Amounts would remain available through fiscal 2031. The Congressional Budget Office [estimated](https://www.cbo.gov/system/files/2022-08/hr5376_IR_Act_8-3-22.pdf) the IRS will collect about $203.7 billion as a result of the $80 billion allocation.Energy Tax Provisions**Green Energy:** The measure would generally structure various green energy tax credits as tiered incentives, providing either a “base rate” or a “bonus rate” of five times the base amount for projects that meet certain prevailing wage and apprenticeship requirements. An additional increased credit amount could be claimed in certain cases if projects comply with domestic content requirements, such as ensuring that any steel, iron, or manufactured product is produced in the US.The structure would apply to several new and existing tax credits, including:* The production tax credit for electricity generated from renewable energy sources, which would be extended for facilities that begin construction before Jan. 1, 2025. The credit would be increased for facilities located in “energy communities” that: have an unemployment rate at or above the national average for the previous year; had direct employment in or tax revenue derived from the coal, oil, or natural gas sectors; or are a census tract where a coal mine or coal-fired electric generating un it has closed. The PTC for geothermal, solar, and wind facilities would also be extended.
* The investment tax credit for renewable energy property, which would be extended and modified for facilities that begin construction before Jan. 1, 2025. The credit would be extended through 2024 to include investments in energy storage technologies, qualified biogas property, and microgrid controllers. The credit would be increased for projects in energy communities and for solar and wind facilities that serve low-income communities.
* A new credit for qualifying zero-emission nuclear power produced by facilities placed in service before the measure’s enactment.
* A new credit for the sale or use of a qualified mixture of sustainable aviation fuel through 2024. Fuel producers would have have to be registered with the Treasury Department to claim the credit, which could be used to offset the excise tax liability.
* A new credit for the production of clean hydrogen — based on lifecycle greenhouse gas emission rates — for properties that begin construction before 2023.
* New production and investment tax credits related to clean electricity. The credits would be based on carbon emissions. Both would be available for facilities placed in service after 2024 and phase out beginning in 2032 or when US emissions targets are achieved.
* A new credit for the domestic production of clean fuels that would be based on their carbon emissions. It would apply to fuels produced after 2024 and would phase out entirely after 2027.
* Credit for advanced energy projects beginning in 2023. The measure would provide as much as $10 billion in additional allocations for a program to award certifications for qualified investments in energy manufacturing facilities.

Several existing tax incentives would be extended, including the:* Credit for carbon capture facilities that begin construction before Jan. 1, 2033.
* Credits for biodiesel and renewable diesel and alternative fuels and alternative fuel mixtures through 2024.
* Credit for qualified energy efficiency improvements for residential energy property through 2032. The credit would be increased to as much as $1,200 annually, from a $500 lifetime cap, for certain expenditures.
* Deduction for energy efficient commercial buildings beginning after 2022. A building would have to reduce its annual energy and power costs by more than 25%, instead of 50%. An increased deduction would be available for qualified retrofits.

**Electric Vehicles:** The measure would modify the existing tax credit that provides as much as $7,500 to individuals for purchases of qualifying electric vehicles. The credit currently phases out after at least 200,000 qualifying EVs are sold by a manufacturer.The measure would change the credit through 2032 so it:* Applies to “clean vehicles” such as electric and fuel cell vehicles.
* Applies to vehicles with final assembly occurring in the US.
* Equals $3,750 if a certain percentage of the critical minerals contained in the vehicle’s battery is extracted or processed in the US or in any country with which the US has a free trade agreement or is recycled in North America. The applicable percentage would start at 40% for vehicles placed in service in 2023 and increase to 80% by 2027.
* Equals $3,750 if a certain percentage of the value of components in a vehicle’s battery is manufactured or assembled in North America. The required percentage would start at 50% for vehicles placed in service in 2023 and increase to 100% by 2029.
* Phases out beginning at $300,000 for joint filers and $150,000 for single filers.

The measure would bar credits if inputs for a vehicle’s battery are sourced or made in China, Russia, Iran or North Korea. It would also bar credits for vehicles if the suggested retail price exceeds certain amounts.The measure would also establish credits through 2032 for purchasing a:* Used clean vehicle. The credit would equal $4,000 or 30% of the vehicle’s sale price, whichever is lower. It would phase out at $150,000 for joint filers and $75,000 for single filers.
* Commercial clean vehicle manufactured primarily for use on public streets, roads, and highways. Vehicles that operate exclusively on railroads would be excluded. The credit would equal 30% of the vehicle’s sale price or the incremental cost of the vehicle, whichever is less.

**Other Provisions:** The measure would allow claimants to apply for tax refunds or payments equal to the value of their tax credits through 2032. Payments wouldn’t be available for certain renewable energy projects, unless they’re owned by tax-exempt entities, including state or local governments. For tax years after 2022, claimants could also generally sell some or all of their credits annually to unrelated parties who would have to purchase them using cash.The revised measure would allow an S corporation or partnership that owns qualifying facility property to receive such payments, with rules for distributing shares to a partner or shareholder. It also would provide an automatic 6% increase each year starting in fiscal 2023 for the portion of payments provided to entities under an election that’s direct spending.The measure also would:* Reinstate a tax on crude oil and imported petroleum products at 16.4 cents per barrel to fund Superfund cleanups of hazardous sites. It would be adjusted for inflation beginning in 2023.
* Make permanent the excise tax on coal from underground and surface mines that funds the Black Lung Disability Trust Fund.
* Provide $500 million in fiscal 2022 for the Treasury Department to implement the measure’s energy-related tax credits.

ACA Premium Tax CreditsThe measure would extend through 2025 the temporary expansion of Affordable Care Act (ACA) health insurance premium tax credits under [Public Law 117-2](https://www.bgov.com/us_legislation/6933166968069161001). The larger credits for those with household income between 100% and 400% of the federal poverty level (FPL), as well as expanded eligibility to those above 400% of the FPL, are scheduled to expire after 2022.Prescription Drugs **Drug Pricing:** The measure would direct the Health and Human Services Department to establish a “Drug Price Negotiation Program” to negotiate a maximum price of high-cost prescription drugs beginning in 2026 for Medicare Part B, which covers medicines administered in a medical setting, and Part D, the program’s prescription drug benefit.The measure would require HHS to identify 100 drugs without competition that have been on the market for seven years and biologics that have been on the market for 11 years, and that have the highest spending under Medicare.HHS would select 10 drugs from that list — or the maximum number eligible for negotiation that year if less than that — for negotiation in 2026 increasing to 20 drugs by 2029. This would close what a [summary](https://www.democrats.senate.gov/imo/media/doc/topline_messages_for_senate_prescription_drug_pricing_reforms__fy22_budget_reconciliation.pdf) from Senate Democrats called a “loophole” in the House-passed version that would have allowed a “secretary to refuse to negotiate or negotiate fewer than the maximum number of drugs.” The bill would exclude certain orphan drugs, plasma-derived products, or low spend Medicare drugs from the list of drugs eligible for negotiation.Some negotiation delays would also be permitted for 2026 through 2028 for small biotech drugs or a new formulation of an existing drug. The bill would in some circumstances allow as long as two years of delay in negotiation for biologics if a biosimilar product is highly likely to be licensed within two years of the biologic drug becoming eligible for negotiation.The price ceiling would be based on the lower of:* A percentage of the average price determined by years on the market — 75% for those 9 to 12 years old, 65% for those 12 to 15 years old, and 40% for those more than 16 years old or more.
* A plan-specific enrollment weighted price for Part D drugs or average price for Part B drugs.

A drugmaker that doesn’t successfully negotiate would face an excise tax of as much as 95% depending on how long it’s not compliant. Those that charge more than the negotiated maximum price would pay a civil monetary penalty of as much as 10 times the difference in prices. The penalty for providing false information would be $100 million.The measure would provide $3 billion for fiscal 2022, available until expended, to implement the negotiation program.**Inflation Rebates:** Drugmakers would have to repay the government the difference in profits above the cost of inflation on Part B and Part D drugs dispensed to beneficiaries under Medicare Part B and Part D if they raise the price of a drug above inflation, beginning in 2023. The earlier version would have required drugmakers to pay rebates on any covered Part B or Part D drug, regardless of if the patient received it through Medicare.Drugmakers that don’t provide the rebates would face a penalty of at least 125% of the rebate amount for Part B and 125% for Part D.The measure would allow for some reductions or waivers of rebates if it could result in a shortage during a severe supply chain disruption.**Medicare Part D:** The measure would also cap the out-of-pocket cost of prescription drugs under Medicare Part D for beneficiaries at $2,000 a year starting in 2025. That amount would increase with the annual percentage increase in average per capita expenditures for covered Part D drugs in the US. The measure also would allow enrollees to pay in monthly amounts.The bill would cap the coinsurance rate for beneficiaries under the out-of-pocket cap beginning in 2025 and eliminate the coinsurance that beneficiaries pay in the catastrophic coverage phase starting in 2024.Under current law, initial coverage occurs after meeting the [deductible](https://www.medicare.gov/drug-coverage-part-d/costs-for-medicare-drug-coverage/yearly-deductible-for-drug-plans) which is $480 in 2022 but before entering the [coverage gap](https://www.medicare.gov/drug-coverage-part-d/costs-for-medicare-drug-coverage/costs-in-the-coverage-gap) after an average of $4,430 in costs as of 2022 — often called the donut hole. Coinsurance increases to 25% of costs, then decreases before the participant enters [catastrophic coverage](https://www.medicare.gov/drug-coverage-part-d/costs-for-medicare-drug-coverage/catastrophic-coverage), which kicks in after $7,050 in out-of-pocket costs in 2022.The measure would also expand Medicare Part D premium subsidies for low-income seniors to those between 135% and 150% of the poverty line starting Jan. 1, 2024.The bill would also reduce the amount the government pays in reinsurance rates beginning in 2025 after an individual meets their out-of-pocket cap to between 20% and 40%, from 80%, of the allowable portion of gross covered prescription costs. Those costs would be subject to the new drug pricing provisions implemented by the bill.The measure would also direct HHS to enter agreements with drug manufacturers to provide discounts on certain drugs beginning 2025. Discounts would be:* 90% of the negotiated price of a drug before a beneficiary reaches their out-of-pocket cap.
* 80% of the negotiated price of a drug after a beneficiary meets their out-of-pocket cap.

Manufacturers that don’t provide discounted prices would pay penalties equal to 125% of the discounted amount.The measure would also bar increases in Medicare Part D premiums exceeding 6%.**Drug Rebate Rule:** The revised measure would continue delaying implementation of the November 2020 drug rebate [rule](https://www.federalregister.gov/documents/2020/11/30/2020-25841/fraud-and-abuse-removal-of-safe-harbor-protection-for-rebates-involving-prescription-pharmaceuticals) published under former President Donald Trump, until Jan. 1, 2032.**Vaccine Coverage:** The legislation would require coverage of vaccines with no cost-sharing or deductible under Medicare Part D beginning Jan. 1, 2023. It also would retroactively reimburse Medicare Advantage plans the lost cost-sharing for 2023.**Insulin:** The measure would exclude insulin products covered under Medicare Part D from applying to beneficiary deductibles under the program, beginning in 2023. The bill would also cap insulin copayments for Medicare beneficiaries to $35 a month for plan years 2023 through 2025 regardless of whether a beneficiary has reached the initial coverage limit or out-of-pocket threshold. Beneficiaries would also receive reimbursement for any excess cost-sharing or copayments made in the first three months of 2023 . For 2026 and subsequent years, the measure would cap the cost of insulin for Medicare beneficiaries before reaching the out-of-pocket threshold, at the lesser of:* $35 a month.
* 25% of a maximum price to be negotiated by HHS.

The measure would also limit the monthly coinsurance for insulin-related durable medical equipment to 80% of the established amount under Medicare Part B, beginning July 1, 2023. The bill would also waive deductibles for such equipment under Medicare Part B beginning July 1, 2023.HHS could adjust the payments it makes to suppliers of durable medical equipment for insulin to ensure beneficiaries coinsurance for insulin doesn’t exceed $35 a month.Health plans without deductibles for certain insulin products would still be treated as high-deductible health plans, for plans beginning after Dec. 31, 2022. Energy Spending & Other Changes**Offshore Wind:** The measure would allow Energy Department (DOE) to grant leases, easements, and rights-of-way for offshore wind projects in parts of the Outer Continental Shelf off the coasts of Georgia, Florida, North Carolina, and South Carolina withdrawn from leasing activities by two Trump administration memos.It would also direct DOE to issue requests for information by Sept. 30, 2025, for proposed wind lease sales in those parts of the Outer Continental Shelf.The department would be able to conduct wind lease sales in each area within the exclusive economic zone of the US next to the territories if they’re feasible, there’s sufficient interest in the area for such a project, and the department has consulted the governor of the relevant area. The provision would apply to areas near Puerto Rico, Guam, American Samoa, the US Virgin Islands, or the Commonwealth of the Northern Mariana Islands.**Oil and Gas:** The bill would generally increase the royalty rate for new offshore oil and gas leases from 12.5% to a range from 16 2/3% and 18 3/4%.The measure would also reinstate oil and gas leases and direct DOE to accept the highest valid bid for each unit in [lease sale 257](https://www.boem.gov/Sale-257) in the Gulf of Mexico Outer Continental Shelf. DOE would also be required to conduct lease sale [258](https://www.boem.gov/oil-gas-energy/leasing/lease-sale-258) by the end of the year, and the lease sales 259 and 261 by the end of 2023 in accordance with the [2017-2022 Outer Continental Shelf Oil and Gas Leasing Program](https://www.federalregister.gov/documents/2017/01/19/2017-00886/record-of-decision-for-the-2017-2022-outer-continental-shelf-oil-and-gas-leasing-program-final).**Home Energy Savings:** The measure would provide $4.3 billion for fiscal 2022 for the Energy Department to implement a “Home Owner Managing Energy Savings” or HOMES rebate program. The department would allocate funds to each state energy office according to the [State Energy Program](https://www.energy.gov/eere/wipo/state-energy-program-guidance) formula effective Jan. 1, 2022.State energy offices would submit plans to implement the program, including procedures to calculate energy usage and savings. They couldn’t use more than 20% of grant funds for planning, administration, or technical assistance.The HOMES program would provide rebates for homeowners and aggregators for energy savings retrofits beginning with the bill’s implementation through Sept. 30, 2031. It would provide for projects on single family homes the lesser of 50% a project’s cost or rebates between $2,000 for energy savings of 20% to 35% or $4,000 for savings of 35% or more, respectively.Owners of multifamily buildings and aggregators could also qualify to receive rebates capped at $200,000 or $400,000 for energy savings of either 20% to 35%, or 35% or more, respectively.The program would also allow contractors performing a retrofit to claim their own $200 rebate for each home in a disadvantaged community.No recipient could receive multiple federal rebates for the same upgrade.**Energy Efficiency:** The measure would provide $4.28 billion for fiscal 2022 for grants for states to implement a high-efficiency electric home rebate program. It would provide an additional $225 million for tribes to implement a similar program.The programs would provide rebates for qualified electrification projects such as electric heating and cooling or high-efficiency electric stoves of $840 to $8,000.Total rebates couldn’t exceed $14,000 per homeowner or entity seeking rebates for multiple electrification projects.Recipients with incomes between 80% and 150% of an area’s median income couldn’t receive rebates covering more than half a project’s cost. For those with incomes less than 80% of an area’s median income, rebates could cover 100% of a project’s costs. Similar thresholds would apply for multifamily buildings based on the incomes of the majority of a building’s residents.**Loan Programs:** The bill would provide $5 billion for fiscal 2022 for DOE to make as much as $250 billion in loans or refinancing guarantees for energy infrastructure projects, which could:* Retool, repower, repurpose, or replace energy infrastructure no longer operating, or
* Enable existing energy infrastructure to avoid, reduce, utilize, or sequester air pollutants and greenhouse gas (GHG) emissions,which would be defined as including carbon dioxide, hydrofluorocarbons, methane, nitrous oxide, perfluorocarbons, and sulfur hexafluoride.

The measure would also provide $2 billion for fiscal 2022 for DOE to pay the costs of direct loans to nonfederal borrowers to construct or modify electric transmission facilities deemed necessary to the national interest. Loan terms couldn’t last longer than either 90% of the projected useful life of a facility or 30 years—whichever is shorter. Loans also couldn’t exceed 80% of a project’s cost.**Tribal Infrastructure:** The measure would increase the amount of loans DOE can guarantee through the [Tribal Energy Loan Guarantee Program](https://www.energy.gov/lpo/tribal-energy-loan-guarantee-program) to as much as $20 billion, from $2 billion. Loans can be used for electricity generation, energy storage, and energy resource extraction, among other projects. The bill would also provide $75 million for fiscal 2022 for DOE to carry out the program.**Building Codes:** The measure would provide $330 million for fiscal 2022 for grants to help states adopt residential and commercial building energy codes that meet or exceed the 2021 [International Energy Conservation Code](https://codes.iccsafe.org/content/IECC2021P1), the [ASHRAE Standard 90.1-2019](https://www.ashrae.org/technical-resources/bookstore/standard-90-1), or some combination of those codes. Funds could also be used to implement building codes achieving equal or greater energy savings. It would provide a further $670 million for states and local governments to adopt building codes to meet or exceed the zero-energy provisions in the 2021 IECC and to implement a plan to achieve compliance with newly adopted building energy codes.Greenhouse Gas Emissions**Loan Guarantees:** The measures would allow DOE to make as much as $40 billion in loan guarantees for projects to reduce, avoid or sequester GHG emissions and air pollutants through fiscal 2026. It would provide $3.6 billion for the costs of making guarantees.DOE couldn’t provide guarantees for loans to entities for projects receiving any other federal contracts, grants, or financial assistance.**EPA Greenhouse Gas Reduction:** The bill would provide $12 billion for fiscal 2022 for the Environmental Protection Agency to provide financial and technical assistance on projects to reduce greenhouse gas emissions. An additional $8 billion for fiscal 2022 would be provided for grants to offer assistance on GHG reduction projects in low-income and disadvantaged communities.It would provide $7 billion for fiscal 2022, for EPA to make grants to states, municipalities, tribes, and nonprofits to enable low-income and disadvantaged communities to adopt and benefit from zero-emission technologies.The bill would also provide $250 million for fiscal 2022 for grants to states, air pollution control agencies, municipalities, and tribes to establish plans to reduce GHG pollution. A further $4.75 billion would be provided to award grants to implement those plans.**Manufacturing:** The measure would provide $5.8 billion for fiscal 2022 for DOE to provide financial assistance for domestic, nonfederal, nonpower industrial or manufacturing facilities engaged in energy intensive industrial processes to purchase, install, retrofit or upgrade advanced industrial technology to reach net-zero GHG emissions.**Justice Grants:** An additional $2.8 billion would be provided for fiscal 2022 for EPA to provide environmental and climate justice grants for community-led projects to reduce GHG emissions and mitigate climate and health risks.**Ports:** The bill would provide $2.25 billion for fiscal 2022 for grants and rebates for port authorities, air pollution control agencies, private entities, and governments with jurisdiction over ports to install zero-emission port equipment or technology. Awards could also be used to develop climate action plans to reduce GHGs and other air pollutants.An additional $750 million would be provided for ports in areas that don’t meet national ambient air quality standards.**Methane:** The EPA would impose a charge on methane emissions for oil and gas facilities that report more than 25,000 metric tons of carbon dioxide equivalent GHGs per year if they exceed the amount of oil or gas they produce by a certain threshold. The charge would be $900 for each metric ton above the threshold in 2024, rising to $1,500 in 2026.The charges wouldn’t apply if the excess emissions are caused by an unreasonable delay in environmental permitting for any infrastructure to reduce emissions, or for emissions from plugged wells. Charges would take effect beginning 2024.**Federal Buildings:** Funding for the General Services Administration’s [Federal Buildings Fund](https://www.gsa.gov/reference/reports/budget-performance/annual-reports/2019-agency-financial-report/managements-discussion-and-analysis/financial-statements-summary-and-analysis/federal-buildings-fund) would include:* $2.15 billion for fiscal 2022 to use construction materials and products produced with lower-carbon emissions.
* $975 million for the adoption of emerging and sustainable technologies.
* $250 million for the fund to convert buildings to [high-performance green buildings](https://www.gsa.gov/governmentwide-initiatives/federal-highperformance-green-buildings).

**Construction Materials:** The bill would provide $2 billion for fiscal 2022 for the Federal Highway Administration to reimburse or provide incentives to states, local governments, metropolitan planning organizations, and public authorities to use materials produced with lower-carbon emissions. The incentive could cover as much as 2% of the incremental cost of using the materials. Funds couldn’t be used for projects adding travel lanes for single occupancy passenger vehicles.The measure would authorize the Federal Emergency Management Agency to provide financial assistance for low-carbon building materials and encourage low-carbon and net-zero energy projects.**Vehicle Manufacturing:** The bill would provide $3 billion for fiscal 2022 for the Energy Department to provide direct loans for the advanced technology vehicles manufacturing incentive program to support facilities in the US in producing low or zero GHG emission vehicles.Another $2 billion would be provided for fiscal 2022 for the department to provide grants for domestic production of efficient hybrid, plug-in electric hybrid, plug-in electric drive, and hydrogen fuel cell electric vehicles.**Heavy Vehicles:** The measure would provide $600 million for fiscal 2022 to establish a clean heavy duty vehicle program providing grants and rebates to states, municipalities, tribes, and nonprofit school transportation associations to replace certain heavy duty vehicles with zero-emission vehicles.Another $400 million would be provided for similar grants specifically for projects in communities that don’t meet national ambient air quality standards.**Alternative Aviation Fuel:** The measure would provide $297 million for the Transportation Department to provide grants to state and local governments and nonprofits to support sustainable aviation fuel and low-emission aviation technology projects.**Diesel:** The bill would provide $60 million for fiscal 2022, for grants, rebates, and loans identifying and reducing diesel emissions resulting from the transportation of goods and to address health effects on low-income and disadvantaged communities.Additional Energy & Environment Funding**Drought Mitigation:** The measure would provide $4 billion for fiscal 2022, available through fiscal 2026, for grants, contracts, or financial assistance for projects to mitigate drought in the “Reclamation States,” which are primarily in the western US. Priority would be given to the Colorado River Basin and other basins experiencing comparable levels of long-term drought.The measure would also provide in fiscal 2022:* $2 billion for National Labs.
* $1.2 billion for national parks and public lands, including for hiring employees and for deferred maintenance projects.
* $850 million for the Environmental Protection Agency to provide grants, rebates, contracts, and loans for incentive programs to reduce methane emissions and waste reduction from petroleum and natural gas systems.
* $760 million for grants to state, local, or tribal governments to facilitate interstate electricity transmission lines.
* $700 million for EPA to provide grants, rebates, contracts, and loans for reducing emissions at marginal conventional wells.
* $700 million for programs to increase availability of high-assay low-enriched uranium.
* $550 million to the Bureau of Reclamation for domestic water supply projects.
* $250 million for EPA to provide grants supporting development of environmental impact documentation for construction materials and products that reduce emissions associated at all stages of the material’s production.
* $200 million for a financial assistance program for states to create a training program for contractors completing energy efficiency and electrification projects.

Other Matters**USDA Programs:** The measure would provide $18.1 billion from fiscal 2023 through fiscal 2026 for the Agriculture Department’s Commodity Credit Corporation programs for environmental quality and stewardship incentives. It also would provide $2 billion from fiscal 2022 through fiscal 2027 for the [Rural Energy in America Program](https://www.rd.usda.gov/programs-services/energy-programs/rural-energy-america-program-renewable-energy-systems-energy-efficiency-improvement-guaranteed-loans) to provide loans and grants to agricultural producers and rural businesses for renewable energy systems, including funding specifically for underutilized technologies. The measure would also provide the following amounts in fiscal 2022 for the department:* $9.7 billion for assistance to rural electric cooperatives to promote resiliency, reliability, and affordability and for carbon capture and storage projects.
* $3.1 billion for loans to “distressed” borrowers whose agricultural operations are at financial risk as expeditiously as possible.
* $2.2 billion for competitive grants to promote conservation and tree planting by state, local, and tribal governments and nonprofit organizations, in addition to competitive grants for states through the [Forest Legacy Program](https://www.fs.usda.gov/managing-land/private-land/forest-legacy).
* $2.2 billion for financial assistance to farmers, ranchers, or forest landowners determined to have experienced discrimination in USDA farm lending programs before 2021. Assistance to recipients couldn’t be more than $500,000.
* $2.2 billion for the US Forest Service to implement hazardous fuels reduction, vegetation management, and other projects on national forest lands and for the agency to provide environmental assessments.
* $1.4 billion for the National Resources Conservation Service to provide technical assistance and implement a carbon sequestration and greenhouse gas emissions quantification program, among other efforts.
* $1 billion in additional funding for rural electrification loans, including for energy storage projects. As much as half a loan could be forgiven if certain conditions are met.
* $550 million for assistance to nonfederal forest landowners for climate mitigation and forest resilience efforts.
* $500 million for a competitive grant program to increase the use of agricultural commodity-based fuels by strengthening biofuel infrastructure.
* $250 million for grants and loans to eligible entities to improve land access for underserved farmers, ranchers, and forest landowners, including those living in high poverty areas.
* $250 million for agricultural research, education, and scholarships at certain higher education institutions to provide internships and pathways to agricultural sector or federal employment.

The measure would repeal a loan assistance program under the American Rescue Plan Act (Public Law 117-2) for socially disadvantaged farmers and ranchers.**NOAA Programs:** The measure would provide the following amounts in fiscal 2022 to the National Oceanic and Atmospheric Administration:* $2.6 billion for assistance to coastal state, tribal, and local governments for the conservation of coastal and marine habitats and resources.
* $490 million for weather and climate research and related equipment, including $100 million for a hurricane forecasting aircraft.
* $200 million for the construction of facilities to support [national marine sanctuaries](https://sanctuaries.noaa.gov/).

**USPS Fleet Electrification:** The Postal Service would receive $3 billion, with $1.29 billion for purchasing zero-emission delivery vehicles and $1.71 billion for installing the necessary infrastructure to support the vehicles at USPS facilities.**Transportation Infrastructure:** The measure would provide $1.89 billion for fiscal 2022 for the Federal Highway Administration to provide grants to states, local governments, territories, or transportation authorities to increase neighborhood access and transportation equity, or reduce the negative effects of infrastructure projects in disadvantaged or underserved communities.A further $1.26 billion for fiscal 2022 would be provided for additional grants to economically disadvantaged or underserved communities that adopt anti-displacement policies or community land trusts.**Affordable Housing Efficiency:** The measure would provide $1 billion to the Housing and Urban Development Department. Of those funds, $837.5 million would be for grants or loans to the owners and sponsors of affordable housing to implement or promote:* Energy or water efficiency;
* Indoor air quality or sustainability;
* Zero-emission electricity generation or low-emission building materials or processes;
* Energy storage;
* Building electrification; and
* Climate resilience.

Eligible recipients would include providers under Section 8, the Supportive Housing for the Elderly program, Supportive Housing for Persons With Disabilities program, or rental and cooperative housing, as well as those who had project-based rental assistance, and housing assistance payment contracts for fiscal 2021. HUD could support as much as $4 billion in loans and could structure the loans to be converted to grants if an owner agrees to an extended period of affordability. **Defense Production Act:** The measure would provide $500 million for activities under the Defense Production Act, which could be used for heat pumps and critical minerals processing, according to a [summary](https://www.democrats.senate.gov/imo/media/doc/summary_of_the_energy_security_and_climate_change_investments_in_the_inflation_reduction_act_of_2022.pdf) of the package’s energy provisions.**Homeland Security:** The measure would provide $500 million for the Office of [Chief Readiness Support Officer](https://www.dhs.gov/office-chief-readiness-support-officer#:~:text=The%20Office%20of%20the%20Chief,assets%2C%20logistics%2C%20and%20sustainability.) within the Homeland Security Department for sustainability and environmental programs. **Tribal Programs:** The measure would provide the following for the Interior Department’s Bureau of Indian Affairs: * $235 million in fiscal 2022 for a climate resilience and adaptation program to be disbursed to tribal governments or organizations, as well as a tribal fish hatchery program and the cost of administering the aid.
* $150 million in fiscal 2022 for an electrification program to promote zero-emissions energy systems and associated home repairs and retrofitting to install such systems.

**Environmental Review:** The measure would provide $350 million for fiscal 2023 for the Environmental Review Improvement Fund established by the FAST Act ([Public Law 114-94](https://www.govinfo.gov/content/pkg/PLAW-114publ94/pdf/PLAW-114publ94.pdf)). The executive director of the [Federal Permitting Improvement Steering Council](https://www.permits.performance.gov/fpisc-content/federal-permitting-improvement-steering-council) can transfer money in the fund to different agencies to streamline environmental reviews for federal infrastructure projects, including conventional and renewable energy production projects.To contact the reporters on this story: Christina Banoub in Washington at cbanoub@bloombergindustry.com; Dan Lee in Washington at dlee@bloombergindustry.com; Lauren Turenchalk at lturenchalk@bloombergindustry.com; Brittney Washington in Washington at bwashington@bloombergindustry.comTo contact the editors responsible for this story: Naoreen Chowdhury at nchowdhury@bgov.com; Loren Duggan at lduggan@bgov.com |

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