Dear Secretary Yellen and Commissioner Rettig:

The BlueGreen Alliance unites fourteen labor unions and environmental organizations to solve today’s environmental challenges in ways that create and maintain quality jobs and build a clean, prosperous, and equitable economy. Our partnership is firm in its belief that Americans don’t have to choose between a good job and a clean environment—we can and must have both. The strengthened and newly established tax credits in the Inflation Reduction Act are a critical demonstration of this principle. We applaud the U.S. Treasury Department for initiating a robust set of requests for comments regarding their implementation.

Climate science is unambiguous. We must put America on a pathway to reducing greenhouse gas emissions to net zero by 2050 and ensure we are solidly on that path by 2030 to avoid the catastrophic consequences of climate change. At the same time, we must ensure that the jobs created in the clean economy are high-quality, good-paying union jobs and that they are prioritized in the places that need them most. Implemented effectively, the newly established clean energy tax credits will do just that: drastically reduce emissions, while providing high-quality, good-paying union jobs in the clean economy and driving growth in U.S. manufacturing. At the same time, they will increase equity in the transition to a clean economy by maximizing the benefits of this job growth in communities disproportionately impacted by pollution as well as deindustrialization and energy transition.

The tax credits will achieve these intersecting goals through several key provisions. First, the Inflation Reduction Act—for the first time ever—couples high-road labor standards with clean energy deployment tax credits. By requiring that clean energy investments support a prevailing wage and workforce development pathways in order to receive the full value of the tax credit, these provisions will:

- Grow and diversify the middle class;
Increase diversity in the construction workforce;
Ensure the construction workforce has the skills necessary to build and maintain infrastructure; and
Promote hiring of local residents to work on infrastructure projects in their communities.

Second, the newly established Low-Income Communities and Energy Communities Credits will help address racial and economic inequality by incentivizing locating projects in communities that have a substantial share of the population below the poverty line and communities that have seen significant job loss in the fossil fuel economy. These credits will help ensure that the benefits of the clean energy investments spurred by the tax credits are concentrated in these communities that need them most. Properly targeting these credits will be important to address the historic geographic disparity of clean energy investment and ensure that communities that have primarily experienced economic pain in the shift to clean energy now share fully in the economic gain of that shift.

Finally, the law’s manufacturing and clean vehicle tax credits are critical for building a reliable and equitable U.S. supply chain for the clean economy. They reduce our reliance on production overseas that is often marred by labor abuses, higher levels of pollution, and shipping bottlenecks. These investments are essential not only to achieve our climate goals, but also to counter the racial and economic inequality fed by manufacturing job losses. They could be a game-changer for cutting industrial emissions—a leading source of climate and air pollution—while onshoring clean technology manufacturing. The Inflation Reduction Act provides the largest investment in clean manufacturing in decades, offering a historic opportunity to support good union jobs, climate action, and a more just economy.

The 45X and 48C tax credits offer a supply-side push for clean technology manufacturing and reduced industrial emissions, which pairs well with the demand-side pull of the Clean Vehicle Tax Credit and the domestic content bonus for the clean energy tax credits. The Clean Vehicle Tax Credit and its critical minerals and battery content requirements chart a course toward an onshored EV supply chain, with which the U.S. can re-emerge as a global leader in the auto manufacturing sector. The criteria and definitions for each of these provisions must be carefully designed to ensure meaningful community and labor engagement; the creation of high-quality jobs; deep reductions in emissions; and greater economic, racial, and environmental equity. Clarity, transparency, and disclosure will also be critically important in implementation.
Taken together, these provisions represent a careful balancing act in the Inflation Reduction Act and an attention in the bill to aligning multiple goals: speeding clean energy deployment, supporting and creating good union jobs, growing domestic manufacturing, and targeting investments in disadvantaged communities. Continuing to prioritize and align these goals and outcomes through the implementation process must be a priority for the Treasury Department. The provisions can work in concert to support industries in fully taking advantage of these tax credits, both within the tax provisions (e.g., the supply-side tax credits working to bring the domestic content preferences into reach) as well as with provisions being implemented by other agencies (e.g., manufacturing investments at the U.S. Department of Energy).

These investments offer win-win potential. By getting the details right, we can meet our clean energy deployment and climate goals while creating good union jobs, growing domestic manufacturing, delivering public health and environmental benefits, and creating a cleaner, stronger, and more equitable economy for all.

Sincerely,

Jason Walsh
Executive Director
BlueGreen Alliance