WRITTEN TESTIMONY
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"Tax Incentives in the Inflation Reduction Act: Jobs and Investment in Energy Communities"
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Thank you, Chair Wyden, Ranking Member Crapo, and members of the committee. My name is Katie Harris, and I am the Legislative Director at the BlueGreen Alliance (BGA). The BlueGreen Alliance unites labor unions and environmental organizations to solve today's environmental challenges in ways that create and maintain quality jobs and build a stronger, fairer economy.

At BGA, it's our belief that we don't have to choose between good jobs and a clean environment, we can and must have both. The Inflation Reduction Act's landmark investments can help turn this belief into reality. With strong implementation, the law will reduce emissions up to 42% by 2030, support cleaner air and water, and create good-paying, union jobs.[i]

The world's leading scientific organizations have been unambiguous that climate change is a dire and urgent threat. Over the last decade, we have witnessed worsening impacts on our communities. To avoid the catastrophic consequences of climate change, we must ensure rapid greenhouse gas emissions reductions—based on the latest science and in line with our fair share—to put the U.S. on a pathway of reducing its emissions to net zero emissions by 2050, and to ensure we are solidly on that path by 2030.[ii]

At the same time, our nation is struggling with deep economic and racial inequality. According to the Economic Policy Institute, "the bottom 90% of the American workforce has seen their pay shrink radically as a share of total income," from 58% in 1979 to 47% in 2015. That is almost $11,000 per household, or $1.35 trillion in additional labor income. There is a direct correlation with the decrease of worker power over this time, as the share of workers in a union fell from 24% in 1979 to under 11% now. [iii]
These impacts are also not felt uniformly. For generations, coal-dependent areas built their economies around coal, not only for the employment of their citizens, but for the revenue that supports their schools, infrastructure, and small businesses. As demand for coal decreases, these communities face an uncertain future. Because these regions are often geographically isolated and coal facilities are frequently a primary direct and indirect employer of workers across multiple counties, the economic and social

infrastructure of a region undergoes lasting changes when facilities close. For every one direct coal job that has been lost, four other jobs have disappeared in these communities, meaning a quarter of a million jobs already have been lost.[iv]

The Inflation Reduction Act's investments in clean energy—paired with strong standards to ensure the jobs we create are good-paying, union jobs—can reduce income and racial inequality. These standards will help ensure the jobs created pay fair wages, protect workers' health and safety, and make the investments in communities that need them the most. In addition, federal agencies are starting to produce guidance for many of the law's programs that explicitly prioritize funding for projects that include high-road labor practices, investment in disadvantaged communities, and community benefits that enable local workers and communities to secure economic and environmental benefits. Finally, while there is no policy "silver bullet" that can fully address the energy transition for workers and communities, the Inflation Reduction Act also includes ground breaking provisions intended to ensure that these investments are targeted and prioritized in the places that need them most.

Growing Clean Energy and Good Jobs

The Inflation Reduction Act delivers strong investments in clean energy that will support and create high-quality, union jobs, particularly in hard-hit communities, while helping reach our climate goals.

The strengthened and newly established tax credits for clean energy in the Inflation Reduction Act will not only help drastically reduce emissions, but provide high-quality jobs in the clean economy—more than **1,700,000 jobs over a decade**.[v] Crucially, the law includes provisions that make it more likely the jobs created by these investments are high-quality jobs here in the United States. The law—for the first time ever—includes high-road labor standards that go hand-in-hand with clean energy deployment. To receive the full value of the tax credit (for projects 1 megawatt or greater), developers will have to pay a prevailing wage and utilize a certain percentage of registered apprentices in the projects.

These tax credits will also help address the racial and economic inequality in the country through two "bonus" credits. The Low Income Communities Credit provides a bonus tax credit for projects located in communities that have a significant share of the population below the poverty line, and the Energy Communities Credit provides a bonus tax credit for projects located in communities that have seen significant job loss in the fossil fuel

economy, or due to the closure of a coal mine or coal-fired power plant, or are host to a brownfield site. These provisions are discussed further below.

Job Creation Potential and Job Quality

Analysis from the Political Economy Research Institute at the University of Massachusetts Amherst, commissioned by the BlueGreen Alliance, finds that the law's climate, energy, and environmental investments **will create more than 9 million jobs over the next decade**—an average of nearly 1 million jobs each year (see Table 1).[vi]

Table 1: Job Creation Estimates from Investments in the Inflation Reduction Act

Policy Area	Job Creation Potential over 10 Years
Clean Energy Investments	5,000,000
Clean Manufacturing Supply Chains	900,000
Electric Vehicles and Clean Transportation	400,000
Energy Efficient Homes and Offices	900,000
Environmental Justice and Climate Resilience	150,000
Natural Infrastructure	600,000

Political Economy Research Institute at the University of Massachusetts Amherst.

Job quality is just as important as job quantity. While we're working to grow clean energy jobs in this country, we must ensure that we are not only ensuring those are good jobs, but *accessible* jobs. This includes supporting and growing pathways into good union jobs in these and other sectors for workers of color and other segments of the population historically left out of these jobs.

One of the tools at our disposal in the fight for equity is unionization. On the whole, union jobs pay better, have better benefits, and are safer than non-union jobs. Workers who are members of or are represented by a union earn significantly more than those who are not across all relevant industries and occupations, with especially pronounced

benefits for low-wage workers. On average, union members earn a premium of 15% higher wages than non-union workers in the utilities sector and 45% higher wages in the construction sector. Across all relevant industries and occupations, workers who are members of or are represented by a union earn significantly more than those who are not, with especially pronounced benefits for low-wage workers, workers of color, and women.[vii] In addition, research has shown that through the collective bargaining power of unions, workers are able to get more and better benefits such as health insurance and pensions, and are able to fight for more enforcement of the labor protections they have a right to under the law, such as enforcement of overtime, safety, and health regulations.[viii] Increasing union density in the clean energy sector is therefore a key way to address the inequity inherent in our economy.

Another key mechanism for building career pathways and increasing access is through registered apprenticeship, pre-apprenticeship, and other union-affiliated training programs. Registered apprenticeships and other labor-management training programs offer workers a combination of classroom and on-the-job skills training. Pre-apprenticeship programs, meanwhile, are a tool for improving equitable access to jobs by offering underrepresented workers on-ramps to apprenticeship and other training programs.

By requiring that clean energy investments support these workforce development pathways, the Inflation Reduction Act will help:

- Grow and diversify the middle class;
- Eliminate disparities in job quality between clean and traditional energy sectors;
- Increase diversity in the construction workforce by expanding access for women, people of color, veterans, and formerly incarcerated people;
- Equip the construction workforce with the skills needed to build clean energy; and
- Promote hiring of local workers to build projects in their communities.

Supporting Energy Transition Workers and Communities

An energy transition that is fair for workers and communities will not happen organically. Working people have too often felt the pain of shifts in technology. We can't leave workers or communities behind as these changes happen in our economy, which are also the changes necessary to avoid the worst impacts of climate change. Prioritizing and

targeting federal resources to workers and communities in places impacted by this shift needs to be a deliberate choice. The Inflation Reduction Act provides some of this needed investment, particularly by driving clean energy and manufacturing investments into communities impacted by energy transition.[ix] All of the law's investments (and more) will be needed to drive towards a truly equitable transition. These investments include:

- The **Energy Communities Bonus Credit,** which provides a bonus tax credit to drive clean energy investments to energy communities where, among other possible metrics, a coal mine or coal-fired power plant has recently closed. Communities are eligible if they are in census tracts in which: a coal mine has closed after December 31, 1999; where a coal-fired electric generating unit closed after December 31, 2009; or a census tract which directly adjoins an impacted census tract. While clean energy projects can receive partial tax credits regardless of location, the additional tax credit bonus is a key incentive to bring good-paying jobs to areas with coal mine closures, coal power plant unit retirements, or a high percentage of workers in the fossil fuel industry. If the energy community is also considered a low-income community, they are eligible to receive an additional 10% tax credit.

- The **Low-Income Communities Bonus Credit**, which provides a 10% bonus for the development of wind and solar projects under 5 megawatts in a low income community, defined as 200% below the federal poverty line. Associated grid technology—such as battery storage and transmission associated with new wind or solar projects—would also qualify. This credit also offers an increased 20% tax credit, instead of 10%, for projects installed on qualified residential low-income housing projects. This provision is targeted to spur economic development in historically marginalized communities and addresses the reality of these communities facing the brunt of climate change and pollution for decades. This credit— along with the energy communities credit above—are available on top of the domestic content and production/investment tax credits.

- A revival of the **48C Tax Credit**, which will support new clean technology manufacturing facilities in energy transition communities with an expanded investment tax credit. The tax credit is funded at $10 billion, which will support the establishment or expansion of manufacturing facilities to produce solar, wind, battery, electric vehicles (EVs), energy efficiency, and other clean energy technologies. The tax credit is also available to a project that re-equips an

industrial or manufacturing facility with equipment designed to reduce greenhouse gas emissions by at least 20%.

Critically, of the $10 billion allocated for 48C, $4 billion is reserved for manufacturing investments to boost job growth and economic opportunities in coal communities facing economic hardship from energy transitions. The funding is specifically targeted to communities that have had coal mines shut down since the end of 1999, coal-fired power units retired since the end of 2009, or are immediately adjacent to those. BlueGreen Alliance research estimates the 48C expansion will **create more than 110,000 jobs over the next 10 years**.[x] Thanks to the $4 billion set aside, many of these will be created in energy transition communities.

- A **permanent extension of the Black Lung Excise Tax** to maintain the funding that provides critical benefits to miners and families. Rates of black lung disease among coal miners are increasing, especially in the Central Appalachian coal region.[xi] Black lung is a devastating disease with no cure, and miners with black lung are often totally disabled and unable to work or support their families. The Black Lung Excise Tax supports the Black Lung Disability Trust Fund (BLDTF) and is paid by coal companies at the current rate of $0.55/ton of surface mined coal and $1.10/ton of coal mined underground. The BLDTF pays for medical benefits and provides a small monthly living stipend to coal miners who are disabled by black lung disease and to their surviving dependents. In recent years, Congress has provided only one year extensions of the BLDTF, forcing coal miners, black lung advocates, and healthcare workers to expend limited resources on a perpetual fight for the needed funding. That fight is over, thanks to the permanent extension of the BLDTF in the Inflation Reduction Act.

While not in the scope of this committee, the law also provides additional resources that will be critical to support energy communities:

- **Rural Energy Investments.** The law provides $9.7 billion to the U.S. Department of Agriculture (USDA) for USDA Assistance for Rural Electric Cooperatives. With these funds, USDA's Rural Utility Service (RUS) will make grants and loans for electric cooperatives to purchase renewable energy, renewable energy systems and carbon capture and storage systems (CCS), deploy such systems, or make energy efficiency improvements. The funding can also be used for debt relief and

other costs associated with terminating the use of facilities operating on non-renewable energy and related transmission assets.

Many of the communities served by rural electric cooperatives rely on coal plants for both electricity and jobs. As coal plant retirements continue, rural communities need investments to maintain reliable, affordable electricity and economic opportunity. USDA funds can help rural electric cooperatives create new jobs in the same communities that experience coal plant closures and continue to employ the same workers who have kept that community's lights on.

In addition to providing rural electric cooperatives with new loan opportunities, the Inflation Reduction Act builds on RUS's existing loan authority with $1 billion for renewable energy infrastructure loans. The law also makes it easier for electric utilities by requiring RUS to forgive up to 50% of the loan amounts. Funding isn't only limited to cooperatives. Municipal, investor-owned, and Tribal utilities in rural areas are all eligible to take advantage of the new partially forgivable loans.

- The **Energy Infrastructure Reinvestment (EIR) Program.** The Inflation Reduction Act creates a new program within The U.S. Department of Energy's (DOE) Loan Programs Office to help reduce emissions and re-use existing energy infrastructure. Congress provided "seed money" of $5 billion to be used to cover the costs of underwriting loans, and authorized the DOE to loan up to $250 billion. The reinvestment criteria are broad, including nearly any activity that lowers emissions. This includes everything from reducing emissions to continuing operations that will fully redevelop energy facilities for a different economic purpose. For instance, the loans could be used to remediate a retired coal power plant and use the land and existing infrastructure for clean energy production or manufacturing. Or, a power utility could remediate damaged land from a former coal mine and reuse the area by turning it into a pumped hydro storage facility. If targeted the right way, this financing could support economic redevelopment in communities impacted by energy transition, explicitly supporting local community benefits and the acceleration of land remediation efforts

- A new **Climate Pollution Reduction** grant program at the U.S. Environmental Protection Agency (EPA) for states, municipalities, and Tribes to develop and implement plans to reduce greenhouse gas pollution. The law provides $250 million for non-competitive grants to be distributed to all states, large

municipalities, and Tribes to develop plans for greenhouse gas reductions. Planning grants can be used to engage energy communities that could feel the direct impact of actions to reduce greenhouse gasses. Plans can be broad and can be used to identify opportunities to leverage federal funding from a variety of sources. Grants can provide necessary resources for planning for an equitable transition that keeps workers and communities whole. EPA will then competitively award $4.6 billion for the implementation of these plans. These funds can be used for a wide variety of policies, including EV charging infrastructure, buildings, transit, natural infrastructure solutions, and more.

Lifting up workers and communities should be a central focus of a cleaner economy. Energy workers have always been the backbone of our economy. Along with their communities, they have dealt first hand with over a century of boom and bust cycles, union busting, and air and water pollution. But as coal mining jobs continue to decrease, coal-fired power plants continue to shutter, and the world moves away from fossil fuels, energy workers and communities are losing jobs, tax revenue, and union membership. They need and deserve dedicated federal support that builds on community-driven economic development and diversification efforts. With proper implementation, the Inflation Reduction Act programs targeted to energy communities will help grow good union jobs in areas that need it most.

Boosting Clean Manufacturing and Securing Supply Chains

Manufacturing revitalization is essential to address climate change, support and create good union jobs, and advance racial, economic, and environmental justice. With strong public investments, the U.S. can cut industrial emissions—a leading source of climate and air pollution—while building reliable clean energy supply chains that equitably create good jobs. We cannot and need not hitch climate action to overseas production that is often exploitative, polluting, and vulnerable. The Inflation Reduction Act includes more than $40 billion in tax credits to expand clean technology manufacturing.[xii] These investments will help to build out more reliable, equitable, clean, job-creating domestic supply chains for solar panels, wind turbines, EV batteries, and other technologies that are powering our clean energy future. In addition to the Low Income, Energy Communities, and 48C tax credits mentioned above, these include:

- A new **45X manufacturing production tax credit**, worth more than $30 billion, to fill critical supply chain gaps by supporting the expansion of solar, wind, and

battery manufacturing and critical minerals processing. This credit will create an estimated **560,000 jobs over the next decade.**[xiii]

- A **bonus 10% domestic content tax credit** for clean energy projects that use domestically manufactured materials and parts. To qualify for the domestic content bonus, clean electricity developers must use domestically made iron and steel and manufactured components in which U.S. production accounts for roughly half of the value. Non-profit and government entities also must meet these domestic content requirements to take full advantage of a "direct pay" option that makes the tax credits more accessible. The tax credits are expected to propel dramatic growth in clean energy deployment, stimulating parallel growth in U.S. manufacturing of clean technology parts and materials.

- A more than **$7 billion expansion and update of a tax credit for new clean vehicles**, with standards to catalyze North American manufacturing of electric and fuel cell vehicles and their components.[xiv] The credit will reduce the cost of new EVs by up to $7,500, while incentivizing the establishment of a resilient supply chain in North America for essential EV battery components. It also will help to ensure the critical minerals that comprise these batteries are not sourced from countries relying on child and forced labor or countries where supply chain disruptions threaten the EV transition.

These are just some of the more than $50 billion in clean manufacturing investments that will create an estimated **900,000 jobs over the next decade.**[xv] Crucially, a number of these manufacturing investments include targeted funding for manufacturers to invest in communities facing coal facility closures due to the energy transition, which could support job creation in the hard-hit communities that powered our nation for generations.

Conclusion

Since the Inflation Reduction Act passed, companies have announced over $242 billion in clean energy investments in 41 states where companies have committed to create more than **140,000 jobs**.[xvi] Many of these jobs will be in communities that have endured decades of divestment, deindustrialization, and economic insecurity.

As the United States ramps up efforts to grow the clean economy, the Inflation Reduction Act gives us the opportunity to lead globally, rebuild good, union jobs in

communities across the nation, and bolster innovation and production of the clean technology of the future here at home.

Thank you again for the opportunity to speak today.

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