

Wins for Maryland in the Inflation Reduction Act

The Inflation Reduction Act (IRA), which recently passed both houses of Congress and was signed into law by President Biden in August 2022, includes [\\$370 billion in investments](#) in decarbonizing our economy, transitioning to clean energy, reducing the cost of energy, and remedying environmental health disparities.

These investments are poised to deliver significant wins to Marylanders in the years to come and can play a big role in helping Maryland accelerate its progress towards [achieving its goal of a 60% reduction in emissions below 2006 levels by 2031](#) as outlined in [Senate Bill 528, the Climate Solutions Now Act](#), and to ultimately achieving net zero emissions.



Clean Electricity

The IRA extends the current federal investment and production tax credits (ITC and PTC) for solar and wind energy until 2025, and establishes a new technology-neutral ITC and PTC for all zero-carbon (and some very low-carbon) electricity generation technologies, from 2025-2032.

- The decade-long extension of the wind production and investment credit will create long-term certainty and help Maryland reduce the 30% of its carbon pollution that derives from electricity generation and achieve its goal of 100% clean electricity by 2040.
- Expanding the ITC and PTC to include energy storage can help integrate intermittent sources of renewable energy like solar and wind and bring down the retail cost of electricity.
- The IRA includes over \$3 billion for transmission infrastructure, to help bring clean electricity into Maryland, to bring down the cost of power, and to help with electrifying buildings and transportation.

Electric Vehicles

The expanded and extended EV tax credit in the IRA allows low-income car buyers to claim as much as an additional \$7,500 tax credit for the purchase of a new electric vehicle or \$4,000 for the purchase of a used electric vehicle. These new federal incentives will work in conjunction with [Maryland's existing tax credits](#) for electric vehicles and 40% rebate for electric vehicle supply equipment, helping Maryland achieve the rapid growth in zero-emission vehicle sales required by the [Maryland Clean Cars Program](#), reducing costs for drivers, and improving Maryland's air quality.

The IRA includes \$1 billion for zero-emission heavy-duty vehicles, including garbage trucks, school buses, and fire trucks, which will significantly reduce air pollution that impacts the respiratory health and brain development of Maryland's kids. The [Climate Solutions Now Act](#) creates an electric school bus pilot that can benefit from these resources.

Maryland is well positioned to be a key engine in the United States' transition to a clean energy future.

Advanced Manufacturing

The IRA includes \$6 billion for the Advanced Industrial Facilities Deployment Program to pilot new technologies that can bring about clean innovation in high-emission industrial processes that are components of Maryland's manufacturing economy, like production of plastics, chemicals, and building materials.

Air Pollution at Ports

The Port of Baltimore stands to benefit from a new \$3 billion program that will allocate grants to reduce air pollution at ports across the country. Transitioning port equipment and vehicles to zero-emission technology will benefit air quality in the Baltimore airshed.

Environmental Justice

According to Senate Majority Leader Chuck Schumer, the IRA includes over \$60 billion for environmental justice priorities, including \$3 billion for community-led projects including pollution monitoring and prevention and another \$3 billion for transportation access and affordability in overburdened communities including Baltimore.

Greenhouse Gas Reduction Fund

The fund has the potential to build upon and catalyze new clean energy financing ecosystems in states across the country. The EPA and states like Maryland can use this fund to incubate new green banks and clean energy financing institutions or to bring additional capital to existing green banks like the [Montgomery County Green Bank](#), the Baltimore [Climate Access Fund](#), or the new Climate Catalytic Fund created by the [Climate Solutions Now Act](#).

Rural Economies

The IRA includes:

- \$20 billion to support climate-smart agriculture practices like those identified in the 2030 GGRA Plan such as reduced tillage and replacing nitrogen fertilizer with soil amendments.

- \$9.7 billion in USDA loans for rural electric cooperatives like Southern Maryland Electric Cooperative and Choptank Electric Cooperative to help them acquire renewables and other carbon-free energy.
- \$3 billion for rural energy loans and grants.

Energy Cost Savings

The IRA extends existing incentives through 2032 to help homeowners pay for energy-saving upgrades. It significantly expands what these incentives can help pay for to include doors, windows, heat pumps for both space heating and water heating, and rooftop solar, helping Marylanders save money on energy costs.

In addition to the tax incentives, the IRA establishes rebates for specified appliances, like \$1,750 for a heat pump water heater, \$8,000 for a heat pump for space heating or cooling, and \$840 for an electric stovetop or an electric clothes dryer. This will help Maryland reduce the 18% of its greenhouse gas pollution that come from residential and commercial buildings and achieve the 2030 GGRA Plan's goals of increasing heat pumps' share of HVAC system sales to 50% by 2030, 80% by 2040, and 95% by 2050.

For renters, the IRA also includes a \$1 billion grant program to help make affordable housing more energy efficient.

The IRA includes \$1 billion to support state adoption of stronger energy codes, which can support the adoption of the new Building Energy Performance Standard created by the [Climate Solutions Now Act](#).

Maryland is well positioned to be a key engine in the United States' transition to a clean energy future. Maryland leaders should capitalize on the opportunities presented by the IRA, as well as the 2021 Infrastructure Investment and Jobs Act, to catalyze this transition in the years to come.