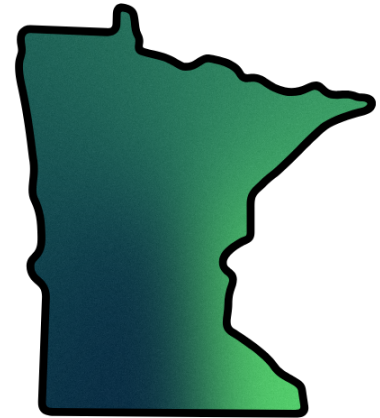


# Wins for Minnesota in the Inflation Reduction Act

The Inflation Reduction Act (IRA), which 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 Minnesotans in the years to come and especially can help Minnesota achieve the vision outlined in its [Climate Action Framework](#):** carbon neutrality by 2050, resiliency for communities, businesses, and the natural environment, and equitable distribution of costs and benefits for communities experiencing disproportionate impacts.



## Renewable Energy

The IRA extends the current federal investment and production tax credits (ITC and PTC) for solar and wind energy through 2024, 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 solar and wind production and investment credit will create long-term certainty and help Minnesota reach the goal of 100% carbon-free electricity by 2040, as articulated in the Climate Action Framework.
- The Port of Duluth is a [leading destination for wind energy cargo](#) as clean wind electricity generation is installed throughout the Midwest. The long-term predictability of the ITC and PTC will ensure continued rapid growth in wind energy for the next ten years, increasing Duluth's importance as a hub of the nation's clean energy economy and proving the foresight of the big investments by the Duluth Seaway Port Authority in capacity for handling wind energy cargo at the Great Lakes' largest port, supporting 8,000 Duluth-area jobs.

**“Minnesota is well-positioned to be a key engine in the United States’ transition to a clean energy future.”**

- The IRA also provides a [“direct pay”](#) option for non-profit entities that lack federal tax liability (including MN's 50 rural electric co-ops, and municipal utilities), empowering them to receive a cash grant from the Treasury Department for an eligible clean energy project.

## 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, making electric vehicles much more affordable, consistent with [sub-initiative 1.2.3 of the Minnesota Climate Action Framework](#), and helping achieve the targets in the [Minnesota clean cars rule](#) and helping to grow [Minnesota electric vehicle component manufacturers like Phillips and Tempro in Eden Prairie](#).

The IRA includes \$1 billion for zero-emission heavy-duty vehicles, including garbage trucks, school buses, and fire trucks to reduce diesel particulate pollution that harms Minnesotans' respiratory health and childhood brain development.

## Industrial Decarbonization & Clean Manufacturing

The IRA also includes \$6 billion for the Advanced Industrial Facilities Deployment Program to pilot new technologies that can bring about clean innovation in high-emissions industrial processes like pulp and paper, food processing, lime manufacturing, and iron and steel production in the Iron Range.

## Biofuels

The IRA provides a new tax credit for sustainable aviation fuels of up to \$1.75 per gallon, opening up big new opportunities for producers of low-carbon fuels.

- Minnesota dairy farms can invest in [capturing renewable dairy gas and selling it as energy](#), including as [sustainable aviation fuel](#), making this tax credit a big new clean energy financing opportunity for Minnesota farmers.
- This could be a future [opportunity for Minnesota breweries](#), as well, to produce energy from brewery wastewater.

As Minnesota [considers a clean fuel standard](#), these incentives will provide for rapid growth in Minnesota clean fuel production to ensure a clean fuel standard is achievable and that it supports local energy producers.

## Energy Cost Savings

The IRA extends through 2032 existing incentives 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 Minnesotans save money on high 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 stove-top or an electric clothes dryer.

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 cover Minnesota's costs for [building-related state action steps](#) outlined in the Climate Action Framework, including updating the statewide energy code and in adopting new codes and standards for new commercial and multi-family buildings to achieve net-zero buildings by 2036.

## Rural Economies

The IRA includes:

- \$20 billion to support climate-smart agriculture practices and \$5 billion for forest health, creating opportunities to advance [Goal 2 of the Minnesota Climate Action Framework, “Climate-smart natural and working lands”](#), through healthy farmland, forests, grasslands, and wetlands.
- \$9.7 billion in USDA loans for rural electric cooperatives like Minnkota Power Cooperative and Great Rivers Energy to help them acquire renewables and other carbon-free energy.
- \$3 billion for rural energy loans and grants.

## Air Pollution at Ports

The Port of Duluth stand 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 Duluth airshed.

## Tribal Resilience

Minnesota’s Tribal nations, including the Dakota and the Anishinaabe, have been hit hard by the impacts of climate change. The IRA includes, for the first time, dedicated funding to help Tribes decarbonize their economies and adapt to a changing climate.

- \$150 million for Tribal home electrification.
- \$75 million for loans to Tribes for energy development.
- A tenfold increase, from \$2 billion to \$20 billion, in loan guarantees for Tribal energy development.

## 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 Minnesota can use this fund to incubate new green banks and clean energy financing institutions.

**Minnesota is well-positioned to be a key engine in the United States’ transition to a clean energy future. Minnesota 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.**