

Wins for New Jersey in the Inflation Reduction Act

The Inflation Reduction Act (IRA), which recently passed both houses of Congress and is expected to be signed into law by President Biden shortly, includes [\\$369 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 New Jerseyans in the years to come and can play a big role in helping New Jersey accelerate its progress towards achieving its goal of 100% clean electricity.

Renewable Energy

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 New Jersey achieve its goal of 7,500 megawatts powered by offshore wind by 2035.
- The offshore wind industry is also a key pillar of the state's broader workforce development strategy, which includes [the development of the Wind Institute, as well as fellowship programs and university initiatives](#).
- 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 New Jersey, bring down the cost of power, and help with electrifying buildings and transportation.



Electric Vehicles

- New Jersey was [one of 16 states](#) to recently sue the USPS for failing to proceed with proper environmental reviews and give full consideration to replacing more of its fleet with electric vehicles. The IRA contains \$3 billion to ensure the postal service replaces a significant portion of its fleet with clean electric trucks.
- New Jersey is a national leader in promoting the adoption of passenger electric vehicles, and New Jersey residents can receive up to a [\\$4,000 rebate when purchasing an EV](#). The expanded and extended EV tax credit contained in the IRA provides certainty that consumers can claim as much as an additional \$7,500 tax

credit for the purchase of a new electric vehicle. This provision, along with a new tax credit for used EVs, will work in concert with New Jersey's own incentives to cement New Jersey's front runner status in the race to secure mass adoption of EVs and achieve New Jersey's goal of 100% electric light-duty vehicles.

- 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 impact the respiratory health and brain development of New Jersey's kids.

Coastal Resiliency

The bill appropriates \$2.6 billion to the National Oceanic and Atmospheric Administration (NOAA) to provide direct funding, grants, cooperative agreements, and technical assistance to coastal states. New Jersey has more than 1,800 miles of coastline from the New York border to the head of tide along the Delaware River. The coastal zone covers 3,218 square miles and comprises 239 communities. [More than half of the state's population lives in the defined coastal zone.](#) New Jersey is well-positioned to secure a significant portion of these funds to help implement its statewide [Climate Resilience Strategy and Coastal Resilience Plan.](#)

The Port of New York and New Jersey 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 and around the fifth district.

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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 Newark, Camden, and Atlantic City.

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 can use this fund to incubate new green banks and clean energy financing institutions. Over the past few years, [New Jersey's Economic Development Authority has explored establishing a Green Fund,](#) and could leverage this new federal fund to significantly scale and accelerate the impact of this nascent effort.

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 New Jerseyans 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. This will help New Jersey reduce the 26% of its greenhouse gas emissions that come from residential and commercial buildings and achieve its goal of electrifying 90% of buildings.
- For renters, the IRA also includes a \$1 billion grant program to help make affordable housing more energy efficient.

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