ANALYSIS AUGUST 2025

ADDING FUEL TO THE FIRE:

How the Republican Spending Bill Guts Climate and Environmental Justice Programs and Compounds Harm to Communities Across the US

JUST SOLUTIONS

EXECUTIVE SUMMARY

On July 4, 2025, President Donald Trump signed into law H.R. 1, also known as the "One Big Beautiful Bill Act": the massive spending bill that is expected to be the landmark legislative accomplishment of the first year of the President's second term. The climate, environmental, and energy provisions of H.R. 1 are a concerted attack on the Inflation Reduction Act and a significant setback for climate and environmental justice in the United States. H.R. 1's debilitating changes to the IRA's clean energy tax credits will delay the country's transition to renewable energy, raise household energy bills, slow economic growth, and kill jobs. With the notable exception of the Low-Income Communities Bonus Credit program, the IRA's energy tax credits were generally not targeted to directly benefit frontline communities; however, the adverse climate, health, and economic impacts of these changes are likely to harm frontline communities the most. State and local governments, and civil society, must focus their efforts to remediate harms to frontline communities.

About Just Solutions

Just Solutions drives innovative, equitable solutions to the climate crisis in support of healthy, resilient communities and accountable democratic institutions. We invest deeply in the leadership of environmental and climate justice (Ej-CJ) state-level coalitions and organizations to spur innovation, build powerful networks, and accelerate community-driven climate solutions. To inform and support state and local actions, we convene national policy organizations to leverage expertise, networks and resources and increase collaboration to advance and defend climate justice federal policies. Our role is to work "in service" to states by providing customized resources, technical assistance and additional staffing capacity for research, policy analysis, legal support, and the coordination of partnerships and spaces to advance their campaigns and movement building priorities.

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Introduction

On July 4, 2025, President Donald Trump signed into law H.R. 1, also known as the "One Big Beautiful Bill Act": the massive spending bill that is expected to be the landmark legislative accomplishment of the first year of the President's second term. The climate and environmental justice impacts of this law are expected to be devastating. By rescinding funding appropriated for various grant programs and phasing out and restricting key clean energy tax credits, H.R. 1 will delay the transition to a clean energy economy and exacerbate the effects of climate change, especially in frontline communities. This analysis discusses the climate and environmental justice impacts of H.R. 1, with a focus on the bill's effects on programs created and funding provided by the Inflation Reduction Act.

According to the Joint Committee on Taxation (JCT) and Congressional Budget Office (CBO), this law will cost the federal government $4.5 trillion in lost tax revenues and cause a net increase in the deficit of $3.4 trillion over ten years,[1,2] driven primarily by extensions of the 2017 Tax Cuts and Jobs Act. H.R. 1 creates an even more regressive income tax scheme, causing an expected increase to the after-tax income of households in the 95th to 99th income percentiles by 4.4 percent, compared to a 2.3 percent increase for middle-income households and 1 percent increase for the lowest-income households.[3]

H.R. 1's regressive taxation system is only one piece of the puzzle; other provisions in the law are expected to cause significant harm to millions of Americans, disproportionately impacting the most vulnerable and least resourced households and communities. H.R. 1 makes deep cuts to critical safety net programs like Medicaid and food assistance while supercharging the buildout of an invasive surveillance apparatus and secret police state in the name of immigration enforcement.

1 Joint Committee on Taxation (JCT). (2025). *Estimated Revenue Effects Relative To The Present Law Baseline Of The Tax Provisions In "Title VII – Finance" Of The Substitute Legislation As Passed By The Senate To Provide For Reconciliation Of The Fiscal Year 2025 Budget* (JCX-35-25) https://www.jct.gov/publications/2025/jcx-35-25/.

2 Congressional Budget Office. (2025). *Estimated Budgetary Effects of Public Law 119–21, to Provide for Reconciliation Pursuant to Title II of H. Con. Res. 14, Relative to CBO's January 2025 Baseline.* https://www.cbo.gov/publication/61570

3 Gleckman, H. (2025, July 10). What Will The Tax Provisions Of The Big Budget Bill Really Do? *TaxVox.* https://taxpolicycenter.org/taxvox/what-will-tax-provisions-big-budget-bill-really-do

Key Findings

- A review of the legislative language and accompanying CBO and JCT analyses shows that **as much as $2.6 billion in federal spending for climate and environmental justice programs was rescinded** in H.R. 1. This accounts for approximately 11 percent of the total $24 billion in Inflation Reduction Act (IRA) funding rescinded by this law. In other words, Congress rescinded 6.6 percent of the $40 billion in environmental and climate justice funding we identified in our 2022 analysis of the IRA.[4]

- In H.R. 1, Congress did not attempt to rescind the vast majority of climate and environmental justice funding in the IRA — most of which was already obligated — but **many ongoing climate and environmental justice programs will continue to face significant challenges from the Trump Administration.** In keeping with the Administration's record thus far, these challenges may likely include further improper attempts to terminate or modify awards, as well as continued nonresponsiveness from agency contacts.

- H.R. 1's debilitating changes to the IRA's clean energy tax credits will delay the country's transition to renewable energy, raise household energy bills, slow economic growth, and kill jobs. With the notable exception of the Low-Income Communities Bonus Credit program, the IRA's energy tax credits were generally not targeted to directly benefit frontline communities; however, **the adverse climate, health, and economic impacts of these changes are likely to harm frontline communities the most.**

- In addition to IRA rescissions, revisions, and repeals, **other provisions in H.R. 1 creating new support for fossil fuels and weakening environmental protections will further disproportionately impact frontline communities.**

4 Chi, S. (2022). *IRA: Our Analysis of the Inflation Reduction Act.* Just Solutions. https://justsolutionscollective.org/solution/ira-our-analysis-of-the-inflation-reduction-act

Inflation Reduction Act Rescissions

The Inflation Reduction Act (IRA), which was signed into law by President Joe Biden on August 16, 2022, provided $145 billion[5] in grants to states, local governments, nonprofits, and companies to support work towards various climate and clean energy goals, ranging from helping the oil and gas industry mitigate methane emissions to providing rebates for high-efficiency electric appliances like heat pumps. The IRA set the high-water mark for climate action from the United States federal government and was expected to enable substantial progress towards climate goals, with projected greenhouse gas emissions reductions in the year 2030 in the range of 32 to 43 percent from 2005 levels.[6,7]At the same time, it was not designed to *transform* the energy system by centering climate and environmental justice and instead reinforced the status quo "all of the above" and market-based approach to energy policy.

As we discussed in our analysis of the IRA, Congress directed only a fraction of IRA spending to benefit climate and environmental justice communities specifically; climate and environmental justice provisions account for only $40 billion of the direct spending provided by the IRA, or approximately 28 percent of the IRA's $145 billion in climate, energy, and environment-related outlays.[8] Most direct climate spending from the IRA flowed to programs that were not statutorily required to reach or benefit environmental justice or low-income communities.

Methodology

In this analysis, we endeavor to quantify the amount of funding rescinded by H.R. 1 from IRA climate and environmental justice programs. We focused on provisions in H.R. 1 that rescinded funding from the programs created or funded by the IRA which were most likely to directly reach environmental justice and frontline communities in the United States. For the purpose of this analysis, and consistent with the approach we used in our 2022 IRA analysis, "climate and environmental justice programs" excludes programs related to climate, energy, and environment generally, without a specific and mandatory statutory targeting of "underserved," "low-income," or "disadvantaged"

5 Id.

6 Mahajan, M., Ashmoore, O., Rissman, J., Orvis, R., and Gopal, A. (2022). *Updated Inflation Reduction Act Modeling Using the Energy Policy Simulator. Energy Innovation Policy & Technology.* https://energy-innovation.org/wp-content/uploads/2022/08/Updated-Inflation-Reduction-Act-Modeling-Using-the-Energy-Policy-Simulator.pdf

7 Larsen, J., King, B., Kolus, H., Dasari, N., Bower, G., and Jones, W. (2022). *A Turning Point for US Climate Progress: Assessing the Climate and Clean Energy Provisions in the Inflation Reduction Act.* Rhodium Group. https://rhg.com/research/climate-clean-energy-inflation-reduction-act/

8 Chi, *supra* note 4.

communities and households, as well as Tribal Nations and insular areas. We also included programs incorporating justice-centered approaches, like acknowledging and attempting to address past harms and implementing the "polluter pays" principle.

We conducted a section-by-section review of H.R. 1's legislative language, in conjunction with analyses by CBO, to quantify the unobligated amounts rescinded for each section of the IRA. We used CBO's estimated outlay effects to represent rescissions, except for the section on agricultural conservation in Title I, the methodology for which is discussed in footnote 9. Because the Congressional committees drafting Title I (Agriculture, Nutrition, and Forestry), Title IV (Commerce, Science, and Transportation) and Title V (Energy and Natural Resources) each combined multiple IRA section rescissions in one section, CBO did not disaggregate budget authority and outlay effects by program within these sections. Moreover, agencies have not made publicly available the exact amounts that had been obligated for each IRA section by the time the bill was signed. Therefore, the estimated amount for the lone climate and environmental justice program affected by rescissions in Title V is based on the maximum amount possible, meaning the total amount Congress originally made available for that section. In cases where one IRA section provided for multiple programs, only one or some of which would be considered a climate and environmental justice program, we counted the total rescinded amount as a climate and environmental justice rescission, since more granular data was not available. Due to these limitations in the data, our environmental and climate justice spending estimates err on the side of overinclusion and should be interpreted as maximum amounts, rather than a precise measure.

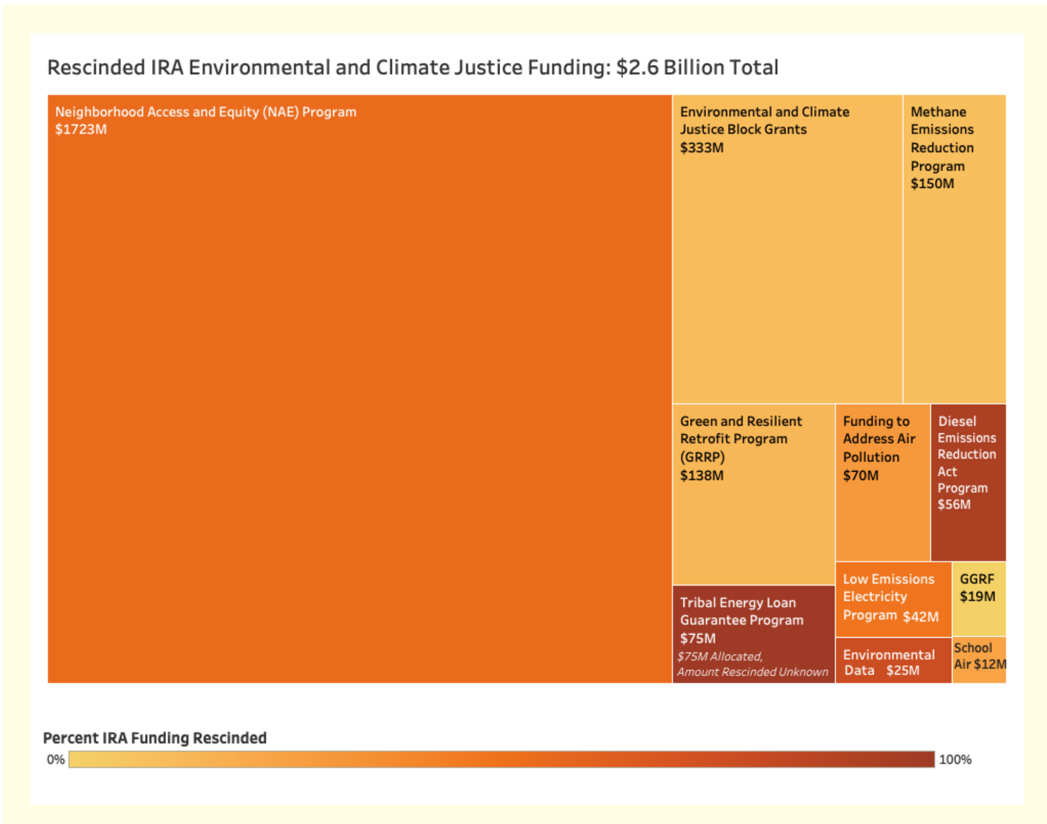
Our Findings

H.R. 1 rescinds a total of nearly $24.4 billion in unobligated funds across 44 sections of the IRA, including up to $2.6 billion in climate and environmental justice spending, or 20 percent of all IRA rescissions. More broadly, climate, energy, and environment-related IRA rescissions totaled $7.1 billion from DOE, $3.1 billion from the Department of Transportation, $1.4 billion from EPA, and roughly $11.5 billion from USDA.[9] By the end of the Biden Administration, the majority of IRA grant funding was obligated, so in addition

9 A detailed analysis of IRA rescissions affecting United States Department of Agriculture (USDA) funding is beyond the scope of this brief, but our estimate that H.R. 1 rescinded $11.6 billion in unobligated USDA funding authorized and appropriated by the IRA mostly consists of conservation programs as well as $150 million from forestry programs. CBO's budgetary effects estimate for H.R. 1 did not disaggregate rescissions, repurposing, and new appropriations among conservation programs in § 10601, so an official estimate of the specific amount of unobligated funding that was rescinded is not publicly available at the time of writing. However, the CBO's January 2025 baseline projection for conservation programs funded by the IRA estimated a net budget authority of $13.2 billion from FY 2025 through FY 2034, which serves as a proxy for unobligated amounts for these programs. https://www.cbo.gov/system/files/2025-01/51317-2025-01-usda.pdf. CBO's July 2025 estimate for the net effect on spending for § 10601 over the same period, relative to this same baseline estimate, is -$1.8 billion. *See* note 2, above. The sum of these two amounts, $11.4 billion, thus serves as a reasonable estimate of the total amount of unobligated USDA conservation funding rescinded or reallocated. Adding the $150 million in IRA forestry funding results in a total of $11.6 billion in USDA rescissions related to climate, energy, and the environment.

to the IRA programs that weren't directly affected by H.R. 1 rescissions, the total amount rescinded in the 2025 reconciliation bill makes up almost 11 percent of climate and environmental appropriations in the IRA. However, some of the unobligated amounts that were rescinded were intended to be used by federal agencies to administer and oversee ongoing programs where awards were already made. This scenario raises questions about how the Trump Administration will take care that these laws be faithfully executed, as required by Article II of the U.S. Constitution, especially considering this Administration's statements and record thus far.[10,11,12]

IRA rescissions related to climate, environment, and energy



[View the interactive figure](#)

10 Pontecorvo, E. (2025, July 31). Trump's Forgotten Funding Freeze. Heatmap. https://heatmap.news/politics/trump-funding-freeze-green-retrofit

11 DiGangi, D. (2025, Aug. 6). *$8.8B energy efficiency rebate program on hold in most states, underway in some.* Utility Dive. https://www.utilitydive.com/news/states-energy-efficiency-rebates-inflation-reduction-doe-trump/756981/

12 U.S. Government Accountability Office. (2025, Aug. 5.) *Department of Health and Human Services—National Institutes of Health—Application of Impoundment Control Act to Availability of Funds for Grants* (B-337203. https://www.gao.gov/products/b-337203

Highlighted rows below indicate climate and environmental justice programs

Title I: Agriculture, Nutrition, and Forestry

H.R. 1 §	IRA §	IRA § name or Program name(s)	Administering agency	Unobligated amount rescinded ($ millions)	Amount appropriated in IRA ($ millions)
10201	23001	National Forest System restoration and fuels reduction projects	USDA	150	2,150
	23002	Competitive grants for non-federal forest landowners	USDA		550
	23003	State and private forestry conservation programs	USDA		2,200
	23005	Administrative costs	USDA		100
10601	21001	Additional agri-cultural conserva-tion investments	USDA	11,358	18,050

Title III: Banking, Housing, and Urban Affairs

H.R. 1 §	IRA §	IRA § name or Program name(s)	Administering agency	Unobligated amount rescinded ($ millions)	Amount appropriated in IRA ($ millions)
3002	3002	Green and Resilient Retrofit Program (GRRP)	HUD	138	1,000

Title IV: Commerce, Science, and Transportation					
H.R. 1 §	**IRA §**	**IRA § name or Program name(s)**	**Administering agency**	**Unobligated amount rescinded ($ millions)**	**Amount appropriated in IRA ($ millions)**
40008	40001	Investing in coastal communities and climate resilience	NOAA	193	2,600
	40002	Facilities of the National Oceanic and Atmospheric Administration and National Marine Sanctuaries	NOAA		200
	40003	NOAA efficient and effective reviews	NOAA		20
	40004	Oceanic and atmospheric research and forecasting for weather and climate	NOAA		200
40010	40007	Fueling Aviation's Sustainable Transition (FAST) Grant Program	DOT	208	297

Title V: Energy and Natural Resources

H.R. 1 §	IRA §	IRA § name or Program name(s)	Administering agency	Unobligated amount rescinded ($ millions)	Amount appropriated in IRA ($ millions)
5402	50123	State-Based Home Energy Efficiency Contractor Training Grant Program	DOE	7,082	200
	50141	Funding for Department of Energy Loan Programs Office	DOE		3,600
	50142	Advanced Technology Vehicles Manufacturing Loan Program	DOE		3,025
	50144	Energy Infrastructure Reinvestment (EIR) Program	DOE		5,000
	50145	Tribal Energy Loan Guarantee Program	DOE		75
	50151	Transmission Facility Financing (TFF) Program	DOE		2,000
	50152	Transmission Siting and Economic Development Program	DOE		760
	50153	Interregional and offshore wind electricity transmission planning, modeling, and analysis	DOE		100
	50161	Industrial Demonstrations Program	DOE		5,812

Title VI: Environment and Public Works

H.R. 1 §	IRA §	IRA § name or Program name(s)	Administering agency	Unobligated amount rescinded ($ millions)	Amount appropriated in IRA ($ millions)
60001	60101	Clean Heavy-Duty Vehicles Program	EPA	382	1,000

Title VI: Environment and Public Works					
H.R. 1 §	**IRA §**	**IRA § name or Program name(s)**	**Administering agency**	**Unobligated amount rescinded ($ millions)**	**Amount appropriated in IRA ($ millions)**
60002	60103	Greenhouse Gas Reduction Fund • Clean Communities Investment Accelerator • National Clean Investment Fund • Solar for All	EPA	19	27,000
60003	60104	Diesel Emissions Reduction Act Program	EPA	56	60
60004	60105	Funding to address air pollution • Air Monitoring Grants • Air Quality Sensors Grants • Emissions From Wood Heaters Grant Funding • Methane Monitoring • Clean Air Act Grants • Greenhouse Gas and Zero Emission On-road Mobile Source Standards	EPA	70	235.5
60005	60106	Grant Funding to Address Indoor Air Pollution at Schools	EPA	12	50
60006	60107	Low Emissions Electricity Program	EPA	42	87
60007	60108	Inflation Reduction Act Funding for Advanced Biofuels	EPA	1	15
60008	60109	Hydrofluorocarbon (HFC) Reclaim and Innovative Destruction Grants	EPA	3	38.5
60009	60110	Funding for enforcement technology and public information	EPA	10	25
60010	60111	Greenhouse gas corporate reporting	EPA	4	5
60011	60112	Reducing Embodied Greenhouse Gas Emissions for Construction Materials and Products	EPA	190	250
60112	60113	Methane Emissions Reduction Program	EPA	150	1,550
60013	60014	Climate Pollution Reduction Grants	EPA	70	5,000

Title VI: Environment and Public Works					
H.R. 1 §	**IRA §**	**IRA § name or Program name(s)**	**Administering agency**	**Unobligated amount rescinded ($ millions)**	**Amount appropriated in IRA ($ millions)**
60014	60115	Environmental Protection Agency efficient, accurate, and timely reviews	EPA	22	40
60015	60116	Low-embodied carbon labeling for construction materials	EPA	70	100
60016	60201	Environmental and climate justice block grants	EPA	333	3,000
60017	60301	Endangered Species Act recovery plans	FWS	8	125
60018	60401	Environmental and climate data collection	CEQ	25	32.5
60019	60501	Neighborhood Access and Equity (NAE) Program	FHWA	1,723	3,205
60020	60502	Assistance for federal buildings	GSA	46	250
60021	60503	Use of low-carbon materials	GSA	421	2,150
60022	60504	General Services Administration emerging technologies	GSA	227	975
60023	60505	Environmental review implementation funds	FHWA	39	100
60024	60506	Low-Carbon Transportation Materials Grants	FHWA	1,293	2,000

EPA: Environmental Protection Agency
FHWA: Federal Highway Administration
FWS: U.S. Fish and Wildlife Service
GSA: General Services Administration

IRA climate, energy, and environmental programs not directly affected by H.R. 1 rescissions

- USDA: Rural Energy for America Program (§ 22002), Empowering Rural America Program (New ERA, § 22004), Increasing Land Access Program (§ 22007)
- DOE: Home Energy Rebates (§ 50121) and Home Electrification and Appliance Rebates (§ 50122)
- EPA: Clean Ports Program (§ 60102)

Greenhouse Gas Reduction Fund

In contrast to almost all of H.R. 1's other IRA grant rescissions, section 60002 not only rescinds the $19 million in remaining unobligated funds made available by IRA section 60103, but also repeals the statutory language authorizing the Greenhouse Gas Reduction Fund (GGRF).[13] This repeal of the authorization language jeopardizes the nearly $27 billion in obligated funds that are slated for the Solar for All, Clean Communities Investment Accelerator (CCIA), and National Clean Investment Fund (NCIF) programs. Because the approximately $15 billion of GGRF funds that make up CCIA and Solar for All are statutorily required to be deployed to support climate and clean energy projects in low-income and disadvantaged communities, setbacks to these programs would disproportionately impact these communities, which already face the greatest obstacles to participating in and benefiting from the clean energy transition.

By the end of the Biden Administration, EPA had conducted a thorough competitive grant process and executed award agreements for all $20 billion under the NCIF and CCIA programs and disbursed the funding to the awardees' private bank accounts. However, the Trump EPA has claimed, without evidence, that these awards were somehow inappropriate, ordered Citibank to freeze the funds in awardees' accounts, and improperly attempted to terminate the awards on the eve of oral argument in one lawsuit contesting the freeze.[14,15] The vast majority of the NCIF and CCIA funds remain frozen and inaccessible to awardees while litigation continues.[16]

The GGRF's remaining $7 billion is allocated to Solar for All (SFA),

13 The only other section of H.R. 1 where statutory authorizing language was repealed was § 50402, repealing IRA § 50142 ("Advanced technology vehicle manufacturing"). In addition to the rescission of unobligated funds, the main result of repealing this language is the reinstatement of the $25 billion cap on total loan authority for the Advanced Technology Vehicles Manufacturing (ATVM) Loan Program, which was first established by Congress in 2007. Canis, B. and Yacobucci, B. (2015). T*he Advanced Technology Vehicles Manufacturing (ATVM) Loan Program: Status and Issues.* Congressional Research Service. https://www.congress.gov/crs-product/R42064

14 Memorandum Opinion, Climate United Fund v. Citibank, N.A., 1:25-cv-00698, (D.D.C. Mar. 18, 2025), *available at* https://www.courtlistener.com/docket/69718818/28/climate-united-fund-v-citibank-na/.

15 Joselow, M. (2025, Mar. 24). The true story behind the 'gold bars' at the heart of Trump's biggest climate fight. *The Washington Post*. https://wapo.st/3U2SsOD

16 Chemnick, J. (2025, May 23). *EPA's challenges grow in quest to claw back 'gold bars.'* E&E News. https://www.eenews.net/articles/epas-challenges-grow-in-quest-to-claw-back-gold-bars/

a program that awarded 60 grants to states, Tribal and local governments, and nonprofits to deploy residential and community solar and storage systems in low-income and disadvantaged communities. In contrast to the NCIF and CCIA awards, the Trump Administration has not yet attempted to improperly terminate these award agreements—although at the time of this writing, news outlets have reported that the EPA is readying termination letters for SFA awardees.[17] With H.R. 1's repeal of GGRF's authorizing language, EPA now lacks the statutory authority to oversee the implementation of these awards and ensure that they are executed consistent with Congress' intent. While at least some aspects of Congress' intent in enacting the GGRF program have been incorporated into award agreements, this Administration has already established a questionable record with regard to attempting to improperly terminate and coercively mandate modifications to executed award agreements.

Moreover, the $19 million in unobligated funds rescinded by H.R. 1 was intended for use by EPA to administer and oversee these programs and the awardees' activities. Without this funding, EPA may exercise its discretion in various ways that may have implications for both the implementation of SFA and the ongoing litigation over the NCIF and CCIA awards. EPA may elect not to dedicate funding for the oversight of these programs and not provide responses or approvals necessary for awardees to proceed with implementation activities. In the consolidated case challenging EPA's attacks on NCIF and CCIA awardees, the Trump Administration filed a letter immediately after Congress enacted H.R. 1, claiming that the repeal of GGRF's authorizing language amounted to de-obligating and rescinding the NCIF and CCIA awards.[18] While it remains to be seen whether the courts are persuaded by the Trump Administration's argument, in the meantime, all three programs seem likely to face continuing challenges from the Administration going forward, even if obligated awards are not directly affected.

17 Joselow, M. (2025, Aug. 5). E.P.A. Moves to Cancel $7 Billion in Grants for Solar Energy. *The New York Times*. https://www.nytimes.com/2025/08/05/climate/epa-cancels-solar-energy-grants.html

18 Letter pursuant to FRAP 28(j) advising of additional authorities filed by Lee M. Zeldin and EPA, Climate United Fund v. Citibank, N.A., No. 25-5122, (D.C. Cir. July 3, 2025), *available at* https://www.courtlistener.com/docket/69899102/01208754472/climate-united-fund-v-citibank-na/; *see* also Response to letter, letter filed by Power Forward Communities, Inc., Climate United Fund v. Citibank, N.A., No. 25-5122, (D.C. Cir. July 7, 2025), *available at* https://www.courtlistener.com/docket/69899102/01208754818/climate-united-fund-v-citibank-na/.

Tax Credits

In addition to the $145 billion in direct spending on climate, energy, and environment-related programs, the majority of the IRA's climate and energy investments were provided in the form of energy tax credits, which was officially estimated to total $270 billion in tax expenditures[19], while independent estimates ranged as high as $1.2 trillion.[20] As we described in our 2022 analysis of the IRA, these tax credits are primarily designed for private sector use across the clean energy supply chain, incentivizing investments in everything from manufacturing electric vehicle batteries to utility-scale solar installments. Tax credits for individuals and households provided incentives for both new and used electric vehicles, as well as energy efficiency upgrades and residential solar and storage, although these credits have been largely inaccessible to most renters and low-income households.

Nevertheless, the IRA took innovative steps towards a more equitable tax system, with provisions like direct pay (also known as "elective pay"), which allows tax-exempt entities like local governments or nonprofits to access many tax credits, helping to enable school districts to invest in clean, electric school buses or cities to install rooftop solar on government buildings. The IRA also introduced the Low-Income Communities Bonus Credit program, which provided additional credit amounts to selected solar or wind projects intended to benefit low-income communities, for example through bill credits from community solar projects or solar systems installed in connection to affordable housing.

H.R. 1's changes to the IRA's energy tax credits are expected to have the biggest impacts in terms of canceled investments and deployment, dealing a significant setback to the transition to a renewables-powered economy in the United States. The bill ends many tax credits prematurely and singles out wind and solar for more punitive treatment. The addition of complex "foreign entity of concern" restrictions on many credits (§§ 30D, 45X, 45Y, and 48E) will further constrain deployment, due to the outsized role of Chinese companies in manufacturing throughout the clean energy supply chain. Coupled with other actions taken by the Trump Administration to undermine renewables and favor fossil fuels—like offering "presidential exemptions" to air quality regulations while

19 JCT. (2022). *Estimated Budget Effects Of The Revenue Provisions Of Title I – Committee On Finance, Of An Amendment In The Nature Of A Substitute To H.R. 5376, "An Act To Provide For Reconciliation Pursuant To Title II Of S. Con. Res. 14," As Passed By The Senate On August 7, 2022, And Scheduled For Consideration By The House Of Representatives On August 12, 2022* (JCX-18-22). https://www.jct.gov/publications/2022/jcx-18-22/

20 Goldman Sachs. (2023, April 17). *The US is poised for an energy revolution.* https://www.goldmansachs.com/insights/articles/the-us-is-poised-for-an-energy-revolution

proposing weakening the same regulations[21,22,23]—will likely lead to fewer clean energy projects being deployed. With lower deployment volume and less demand, associated costs for clean energy technology may not drop as quickly as previously expected.

21 Proclamation No. 10,914, 90 Fed. Reg. 16,777 (Apr. 8, 2025), *available at* https://www.federalregister.gov/documents/2025/04/21/2025-06936/regulatory-relief-for-certain-stationary-sources-to-promote-american-energy.

22 Proclamation No. 10,956, 90 Fed. Reg. 34,583 (July 17, 2025), *available at* https://www.federalregister.gov/documents/2025/07/23/2025-13883/regulatory-relief-for-certain-stationary-sources-to-further-promote-american-energy.

23 National Emission Standards for Hazardous Air Pollutants: Coal- and Oil-Fired Electric Utility Steam Generating Units, 90 Fed. Reg. 25,535 (proposed June 17, 2025) (to be codified at 40 C.F.R. pt. 63, subpart UUUUU), *available at* https://www.federalregister.gov/documents/2025/06/17/2025-10992/national-emission-standards-for-hazardous-air-pollutants-coal--and-oil-fired-electric-utility-steam.

Key changes to selected energy tax credits		
Internal Revenue Code §	**Summary of provision(s) in IRA**	**Summary of revisions in H.R. 1**
Clean Energy Production Tax Credit **(§ 45Y)** and Clean Energy Investment Tax Credit **(§ 48E)**	Applicability and amounts: Provides base credit amount (0.3¢/kWh for § 45Y or 6% of basis for § 48E) for any technology with a greenhouse gas emissions rate no greater than zero. Credit amount is increased by a factor of five if prevailing wage and apprenticeship requirements are met, or for facilities under 1 MW. Timeline: Phaseout to begin in 2033 or when U.S. greenhouse gas emissions from electricity are less than or equal to 25% of 2022 emissions, whichever is later.	Applicability and amounts: • Applicability and amounts are mostly unchanged, except for: early phaseouts for wind and solar and new ineligibility for leased solar water heating and small wind property. • **§ 45Y *only***: New 10% adder for certain advanced nuclear facilities located in "nuclear energy communities," defined as a metropolitan statistical area with at least 0.17% "direct employment related to the advancement of nuclear power." • **§ 48E *only***: New eligibility for fuel cell property to receive credit in the amount of 30% of basis, with no increases or adjustments, and without regard to the fuel cell's greenhouse gas emissions rate. Timeline: • For wind and solar, credits are terminated for projects that commence construction after July 2026 or are placed in service after 2027. • For all other technologies, phasedown to begin for projects that commence construction after 2033.

Key changes to selected energy tax credits		
Internal Revenue Code §	**Summary of provision(s) in IRA**	**Summary of revisions in H.R. 1**
Clean Vehicle Credit **(§ 30D)** and Used Clean Vehicle Credit **(§ 25E)**	Applicability and amounts: • **§ 30D *only*:** Provides up to $7,500 in credit, removes manufacturer cap, and applies new requirements (including caps on taxpayer's income and the vehicle's Manufacturer's Suggested Retail Price and increasing requirements over time for critical minerals extracted or processed in the U.S. and battery components manufactured or assembled in North America) for new electric or fuel cell vehicles for personal use. • **§ 25E:** Creates new credit for used electric or fuel cell vehicles for personal use and applies various requirements (including caps on taxpayer's income, vehicle's sale price, and vehicle's battery capacity.) Timeline: Credit terminated for vehicles placed in service after 2032.	Applicability and amounts: No changes. Timeline: Credit terminated for vehicles acquired after September 30, 2025.
Energy Efficient Home Improvement Credit **(§ 25C)**	Applicability and amounts: Provides credit amount of 30% of amounts paid for certain energy efficiency improvements (insulation, doors, windows), energy property (heat pumps, water heaters), and home energy audits, with caps for specific items. Timeline: Credit terminated after 2032.	Applicability and amounts: No changes. Timeline: Credit terminated after 2025.

Key changes to selected energy tax credits		
Internal Revenue Code §	**Summary of provision(s) in IRA**	**Summary of revisions in H.R. 1**
Residential Clean Energy Credit **(§ 25D)**	Applicability and amounts: Provides credit amount of 30% of expenditures for certain residential energy properties (rooftop solar, geothermal heat pumps, batteries). Timeline: Phaseout to begin after 2032.	Applicability and amounts: No changes. Timeline: Credit terminated after 2025.
Advanced Manufacturing Production Credit **(§ 45X)**	Applicability and amounts: Provides credit amounts for the production and sale of certain energy components (photovoltaic modules, battery cells, inverters, critical minerals), with amounts varying by type of component. Timeline: Phaseout from 2030-2032, except for critical minerals.	Applicability and amounts: In addition to timeline changes for wind and critical minerals noted below, adds metallurgical coal as a new critical mineral, makes minor changes to the definition of "battery module," and, applicable to components sold starting in 2027, new domestic content requirements for integrated components. Timeline: Credit terminated for wind components after 2027; adds new phaseout for critical minerals from 2031-2034.

Impacts on environmental justice and frontline communities

Independent analysts have made various projections about the climate- and energy-related impacts of H.R. 1's rescissions and tax credit changes; while specifics vary, the consensus is clear that the bill will have substantial negative effects across the country, resulting in deep cuts to renewable energy deployment and more expensive energy bills, as well as decreased GDP and job growth.

BloombergNEF estimates that clean energy installations will drop by 41 percent after 2027, falling to just 48 GW in 2028 after tax credits for wind and solar are phased out; through 2030, new wind, solar, and storage installations will drop by 23 percent, including a 50 percent reduction in onshore wind.[24] Modeling by Energy Innovation shows a cumulative loss of 340 GW in generation capacity through 2035, including 200 GW of

24 Chediak, M. (2025, July 17). *Trump's Law To Cut US Clean Energy Installs 41%, BNEF Says.* Bloomberg. https://www.bloomberg.com/news/articles/2025-07-17/trump-s-tax-law-to-cut-us-clean-energy-installs-41-bnef-says

wind capacity, as well as the addition of 19 GW in methane gas.[25] Rhodium Group's modeling shows that greenhouse gas emissions in 2035 are expected to increase by 315-574 million metric tons, mainly from the power sector.[26]

At the household level, Americans will likely face rising energy prices because of this bill. Rhodium Group estimates average household spending on energy in 2035 will increase by $78-192, mainly driven by expected increases in gas prices and consumption; Energy Innovation projects $170 in annual increases in the same year. Household electricity costs are expected to vary significantly by state; according to Rhodium Group, the top ten states for rising household energy bills will see increases of $115-314, or 48-64 percent higher than the national average, while Energy Innovation projects $400 increases in some states.

While detailed modeling and estimates focusing on the impacts on environmental justice and frontline communities in particular are not yet available, it is likely that these communities will experience the projected adverse impacts from this bill "first and worst." These communities are already resource constrained and bear multiple simultaneous burdens, from the cumulative health impacts of fossil fuels and other pollution, to disproportionately high household energy burden, to increased exposure to adverse effects of climate change, like extreme heat. Many of these communities are also facing emerging risks from the ongoing data center construction boom, including more health-damaging air pollution, disrupted and depleted groundwater, and rising electricity rates.[27,28,29]

In environmental justice and frontline communities, H.R. 1's overhaul of the energy tax credits will likely lead to fewer installations of local clean energy generation and storage projects, including small community solar projects under the Low-Income Communities Bonus Credit program. In addition to reducing greenhouse gas emissions from fossil fuel-based energy sources, clean energy adoption in these communities can displace health-damaging air pollution, helping to reduce the pollution burden in already overburdened areas. The early termination of various tax credits will also make it harder for other federally-funded programs that target low-income and disadvantaged communities to pencil out, like Solar for All and the Home Electric Appliance Rebates.

25 Orvis, R., Mahajan, M., and O'Brien, D. (2025). *Updated: Economic Impacts Of U.S. "One Big Beautiful Bill Act" Energy Provisions.* Energy Innovation Policy & Technology. https://energyinnovation.org/report/updated-economic-impacts-of-u-s-senate-passed-one-big-beautiful-bill-act-energy-provisions/

26 King, B., Kolus, H., Gaffney, M., Pastorek, N., and van Brummen, A. (2025). *What Passage of the "One Big Beautiful Bill" Means for US Energy and the Economy.* Rhodium Group. https://rhg.com/research/assessing-the-impacts-of-the-final-one-big-beautiful-bill/

27 Thompson, J. (2025, July 28). *The West's data centers suck (water and power).* High Country News. https://www.hcn.org/issues/57-8/the-wests-data-centers-suck-water-and-power/

28 Whoriskey, P. (2025, July 27). The AI explosion means millions are paying more for electricity. *The Washington Post.* https://www.washingtonpost.com/business/2025/07/27/electricity-rates-ohio-data-centers-ai/

29 Wierman, A. and Ren, S. (2025, May 1). We Need to Talk About AI's Impact on Public Health. *IEEE Spectrum.* https://spectrum.ieee.org/data-centers-pollution

Cancelled projects that had planned to take advantage of credit adders for being sited in an "energy community" or meeting apprenticeship requirements will deal broader setbacks to place-based investing and workforce development strategies in these underserved communities. Overall, H.R. 1's revisions to the IRA energy tax credits are likely to result in environmental justice and frontline communities falling further behind with respect to pollution, energy burden, climate change impacts, and economic resilience.

More fossil fuels, fewer environmental protections

In addition to the IRA funding rescissions and gutting of clean energy tax credits discussed above, H.R. 1 also introduced new provisions intended to increase the extraction, production, and use of fossil fuels and undermine key environmental protections that are especially crucial to safeguarding the health and safety of frontline communities. Some representative examples are highlighted here:

- **$0 penalties for violating CAFE standards (§ 40006):** Corporate Average Fuel Economy (CAFE) standards are fleetwide vehicle standards administered by the National Highway Traffic Safety Administration and first established by Congress in 1975. These standards establish the minimum fuel economy (distance traveled per gallon of fuel) of a manufacturer's entire fleet in a given model year. By setting civil penalties for violations of these standards at $0, manufacturers are disincentivized from producing more efficient vehicles (that also pollute less).

- **Reduced royalty rates for oil and gas leases, reinstated noncompetitive leasing, and mandated lease sales (§ 50101):** This section repeals provisions in the IRA, thus reinstating noncompetitive leasing, slashing royalty rates for oil and gas leases to the statutory minimum of 12.5% of the resource's market value, and eliminating the "expression of interest" fee of $5 per acre. The Secretary of the Interior is directed to "immediately resume quarterly onshore oil and gas lease sales," with instructions to target specific Western states, ensure that not less than 50% of available parcels are offered, and conduct replacement sales if at least 25% of acreage offered does not receive a bid.[30]

- **Increased fees for renewable energy projects on federal lands (§ 50302):** This section directs the Secretary of the Interior to impose and collect a new "capacity fee" of 3.9% of gross proceeds from electricity sales produced by the renewable energy project, as well as "acreage rent" for rights-of-way until electricity production begins. While the vast majority of renewable energy projects are built on private

30 Taxpayers for Common Sense. (2025, July 8). *Taxpayers Lose on Oil and Gas Leasing in Trump's Budget Bill.* https://www.taxpayer.net/energy-natural-resources/taxpayers-lose-on-oil-and-gas-leasing-in-trumps-budget-bill/

lands, this new policy may deter potential future development of renewables on federal lands.

- **"Opt-in fee" for expedited NEPA review (§ 60026):** The National Environmental Policy Act (NEPA) is a bedrock environmental law that requires analyses of the environmental impacts of major proposed projects. This section creates a new process by which a project sponsor can pay an extra fee, equal to 125% of the expected cost of preparing this analysis, in exchange for an expedited review.

Shortly after signing H.R. 1, President Trump issued an Executive Order aimed at ending subsidies and other "taxpayer support" for "green" energy, primarily by directing the Treasury Department to, within 45 days, "strictly enforce" the termination of the Clean Energy Investment and Production Tax Credits for solar and wind, issue guidance "to ensure that policies concerning the 'beginning of construction' are not circumvented," and to implement Foreign Entity of Concern restrictions.[31] Reporting has confirmed that the Department of the Interior issued a Secretarial Order on July 15 that cites this Executive Order and requires extensive new layers of political review for any "decisions, actions, consultations, and other undertakings ...related to wind and solar energy facilities," likely causing delays and creating new veto points for renewables even on private or state-owned lands.[32,33]

Even before the passage of the 2025 reconciliation bill, the Trump Administration's illegal and sweeping "reductions in force"[34] across the federal bureaucracy severely reduced the capacity of agencies responsible for implementing laws enacted by Congress; further critical layoffs are expected following July 18's announced plan to completely eliminate EPA's Office of Research and Development.[35] This Administration has also indefinitely suspended offshore wind leasing,[36] announced their intention to weaken a

31 Exec. Order No. 14,315, 90 Fed. Reg. 30,821 (July 10, 2025), *available at* https://www.federalregister.gov/documents/2025/07/10/2025-12961/ending-market-distorting-subsidies-for-unreliable-foreign-controlled-energy-sources.

32 Siegel, J. and Colman, Z. (2025, July 16). *Trump administration taking new steps to block wind and solar projects, undisclosed memo says*. Politico. https://www.politico.com/news/2025/07/16/interior-requires-burgum-sign-off-for-solar-wind-projects-0045899

33 Holzman, J. (2025, July 16). *Internal Agency Memo Calls for Political Reviews of Solar, Wind Projects.* Heatmap. https://heatmap.news/politics/interior-wind-solar-memo

34 Berger, S. and Liebenluft, J. (2025, May 2). *Trump Administration's Mass Layoffs of Federal Workers Are Illegal.* Center on Budget and Policy Priorities. https://www.cbpp.org/research/federal-budget/trump-administrations-mass-layoffs-of-federal-workers-are-illegal

35 Daly, M. (2025, July 18). *EPA eliminates research and development office, begins layoffs.* Associated Press. https://apnews.com/article/epa-zeldin-trump-reorganization-science-research-acf0ad3a649f940e-138b2a917169405f

36 Memorandum, Temporary Withdrawal of All Areas on the Outer Continental Shelf From Offshore Wind Leasing and Review of the Federal Government's Leasing and Permitting Practices for Wind Projects, 90 Fed. Reg. 8,363 (Jan. 20, 2025), *available at* https://www.federalregister.gov/documents/2025/01/29/2025-01966/temporary-withdrawal-of-all-areas-on-the-outer-continental-shelf-

broad array of environmental regulations,[37] and taken unprecedented steps to order that fossil fuel power plants continue operating past their long-planned retirements,[38,39] all while President Trump has frequently and inaccurately denounced renewable energy and climate change as a "hoax."

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37 Environmental Protection Agency. (2025, Mar. 12). *EPA Launches Biggest Deregulatory Action in U.S. History*. https://www.epa.gov/newsreleases/epa-launches-biggest-deregulatory-action-us-history

38 Dep't of Energy, Order No. 202-25-3 (May 23, 2025) https://www.energy.gov/sites/default/files/2025-05/Midcontinent%20Independent%20System%20Operator%20%28MISO%29%20202%28c%29%20Order_1.pdf.

39 Dep't of Energy, Order No. 202-25-4 (May 30, 2025) https://www.energy.gov/sites/default/files/2025-05/Federal%20Power%20Act%20Section%20202%28c%29%20PJM%20Interconnection.pdf

Conclusion

The climate, environmental, and energy provisions of H.R. 1 are a concerted attack on the Inflation Reduction Act — one of President Biden's signature legislative accomplishments — and a significant setback for climate and environmental justice in the United States. Because the Biden Administration was able to obligate the vast majority of IRA funding before leaving office, rescissions in H.R. 1 of the IRA's unobligated environmental and climate justice spending totaled \$2.6 billion, or 20 percent of all IRA rescissions in the bill, representing just 6 percent of the \$40 billion in climate and environmental justice spending originally provided for in the IRA. Nevertheless, even the IRA programs that were not directly affected by IRA rescissions will likely continue to face challenges from the Trump Administration. H.R. 1's revisions to the IRA's tax credits will likely have the biggest overall impacts in reducing new renewable energy capacity, raising energy costs, and increasing greenhouse gas emissions, and are expected to cause the greatest harm in environmental justice and frontline communities by exacerbating existing disparities in pollution and energy burden, as well as other climate change effects. Beyond attacking the IRA, H.R. 1 codifies and continues the Trump Administration's anti-renewables and pro-fossil fuels crusade by providing for increased oil and gas leasing and raising fees for renewable energy projects on federal lands, all while further weakening the already-beleaguered National Environmental Policy Act and zeroing out penalties for violations of fleetwide minimum average fuel economy standards.

In the broader context of the Trump Administration's clear ideological commitment to promoting fossil fuels and weakening environmental protections, H.R. 1 marks the nadir of federal policy on climate, environment, and energy. The harm this law will cause to the global climate and the United States' clean energy transition is considerable, but for the country's environmental justice and frontline communities, the consequences are likely increased vulnerabilities and worsened disparities. In combination with the law's brutal cuts to safety net programs, accelerated expansion of the immigration police state, and overall redistribution of wealth and benefits to the rich, it is clear that state and local governments and civil society must focus their efforts to ameliorate harms to these communities.

Adding Fuel to the Fire: How the Republican Spending Bill Guts Climate and Environmental Justice Programs and Compounds Harm to Communities Across the US

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