



## What's in the Final Text of the Inflation Reduction Act?

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### Background

On August 12, 2022, the U.S. House of Representatives passed the Inflation Reduction Act by a vote of 220-207. Having already passed the Senate on August 7, the bill can now head to President Biden's desk to be signed into law.

The Inflation Reduction Act contains our country's largest ever investment in tackling the climate crisis, changes to make the wealthiest Americans and mega corporations pay what they owe in taxes, policies to bring down prescription drug prices for seniors, and more.

Below is a brief summary of top takeaways and key policies included in the bill.

### Climate and Energy in the Inflation Reduction Act: Top Takeaways

The Inflation Reduction Act includes [\\$369 billion](#) in climate and energy provisions—the largest-ever U.S. investment in tackling the climate crisis. Estimates show that this puts the U.S. on a credible path to achieving roughly a [40% reduction in greenhouse gas emissions](#), and to [bringing down household energy costs](#) by as much as \$1,135 annually by 2030. In addition, predictions show that the bill will create [more than 9 million jobs](#) over the next decade. While the Inflation Reduction Act would allow for tremendous progress in tackling the climate crisis, stakeholders have voiced concerns regarding certain provisions, including those on fossil fuel leasing.

### Climate and Energy in the Inflation Reduction Act: Key Policies

- **Boosting domestic clean energy manufacturing:** Provides \$60 billion to accelerate clean energy manufacturing of solar panels, wind turbines, and more in the U.S.
- **Reducing methane emissions:** Establishes a fee on excess methane emissions and offers up to \$850 million in grants to industry to monitor and reduce methane emissions.
- **Tax credits for electric vehicles (EVs):** Provides \$4,000 tax credits for consumers to use to purchase used EVs, and up to \$7,500 for new EVs. Eligibility for the EV tax credits would be capped to an income level of

\$150,000 for a single filing taxpayer and \$300,000 for joint filers for new vehicles, and at \$75,000 and \$150,000 for used EVs.

- **New clean energy fund:** Provides \$27 billion to establish a new Greenhouse Gas Reduction Fund to accelerate the deployment of low-carbon technologies. This fund is designed to provide low-cost financing for clean energy infrastructure projects. The fund requires that at least 40% of the benefits of these investments flow to disadvantaged communities.
- **Fossil fuel leasing:** Requires the Department of the Interior to conduct oil and gas lease sales on federal land each year for a decade as a prerequisite to installing any new solar or wind energy. The legislation also requires fossil fuel leasing in the Gulf of Mexico and Alaska and reinstates a 80-million acre Gulf of Mexico lease sale from 2021. Consequently, the legislation guarantees continued fossil fuel leasing of more than 2 million acres onshore and 60 million acres offshore for the next decade. The greenhouse gas emissions associated with continued fossil fuel leasing will diminish the benefits of the emissions reductions found elsewhere in the legislation.
- *For a more detailed summary of these provisions, see the Congressional Progressive Caucus Center's explainer, [Analysis of Climate and Energy Provisions in the Inflation Reduction Act of 2022](#).*

## Health Care Costs in the Inflation Reduction Act: Top Takeaways

The Inflation Reduction Act will, for the first time, allow Medicare to negotiate with drug companies to bring down the prices of the most expensive drugs. The bill also caps seniors' out-of-pocket expenses and sets a \$35/month ceiling on the cost of insulin for people on Medicare. On top of that, the bill will continue to provide more generous assistance to ensure people on Affordable Care Act insurance plans can afford their premiums. Without this assistance, [more than 3 million Americans](#) are expected to become uninsured.

## Health Care Costs in the Inflation Reduction Act: Key Policies

- **Medicare drug price negotiation:** Medicare would negotiate price ceilings for the 20 most expensive medications by 2029. Drug companies that refuse to negotiate would be hit with penalties.
- **Capping seniors' out-of-pocket costs:** The bill would ensure Medicare enrollees pay no more than \$2,000 out-of-pocket for drugs annually.
- **Ensuring drug prices don't rise faster than inflation:** The bill requires drug companies to pay rebates to the government if the price of their drugs covered by Medicare Parts B and D rises faster than inflation.
- **Lowering Medicare premiums for those in need:** The bill would provide 100% premium and cost-sharing subsidies to Medicare Part D enrollees living at 150% of the federal poverty level (FPL). Presently, these subsidies are only available to those living at 135% FPL.
- **Reducing insurance bills:** Enhanced premium assistance for people with ACA plans is set to expire at the end of 2022. The Inflation Reduction Act extends that assistance to 2025.

- **Curbing insulin costs for seniors:** The bill caps the cost of insulin at \$35 per month for people on Medicare.

## Tax Fairness in the Inflation Reduction Act: Top Takeaways

The Inflation Reduction Act pays for its investments in climate and health by forcing giant corporations to pay what they owe in taxes, and giving the Internal Revenue Service (IRS) more tools to go after ultra-wealthy tax evaders.

## Tax Fairness in the Inflation Reduction Act: Key Policies

- **15% minimum tax on the biggest corporations:** The Inflation Reduction Act would impose a 15% minimum tax on corporations with more than \$1 billion in profits. The bill includes exemptions for telecommunications companies' investments in wireless spectrum and certain private equity-owned businesses.
- **Allowing the IRS to pursue wealthy tax evaders:** The [Treasury Department estimates](#) that the wealthiest 1% of Americans avoids paying \$160 billion in taxes every year. The bill would provide the IRS with \$80 billion to enforce tax laws already on the books.
- **Taxing stock buybacks:** By placing a 1% excise tax on corporations' stock buybacks, the Inflation Reduction Act will bring in \$73 billion in revenue and discourage corporations from using profits to further enrich shareholders. The Roosevelt Institute has published [helpful FAQs](#) on stock buybacks and their harms.