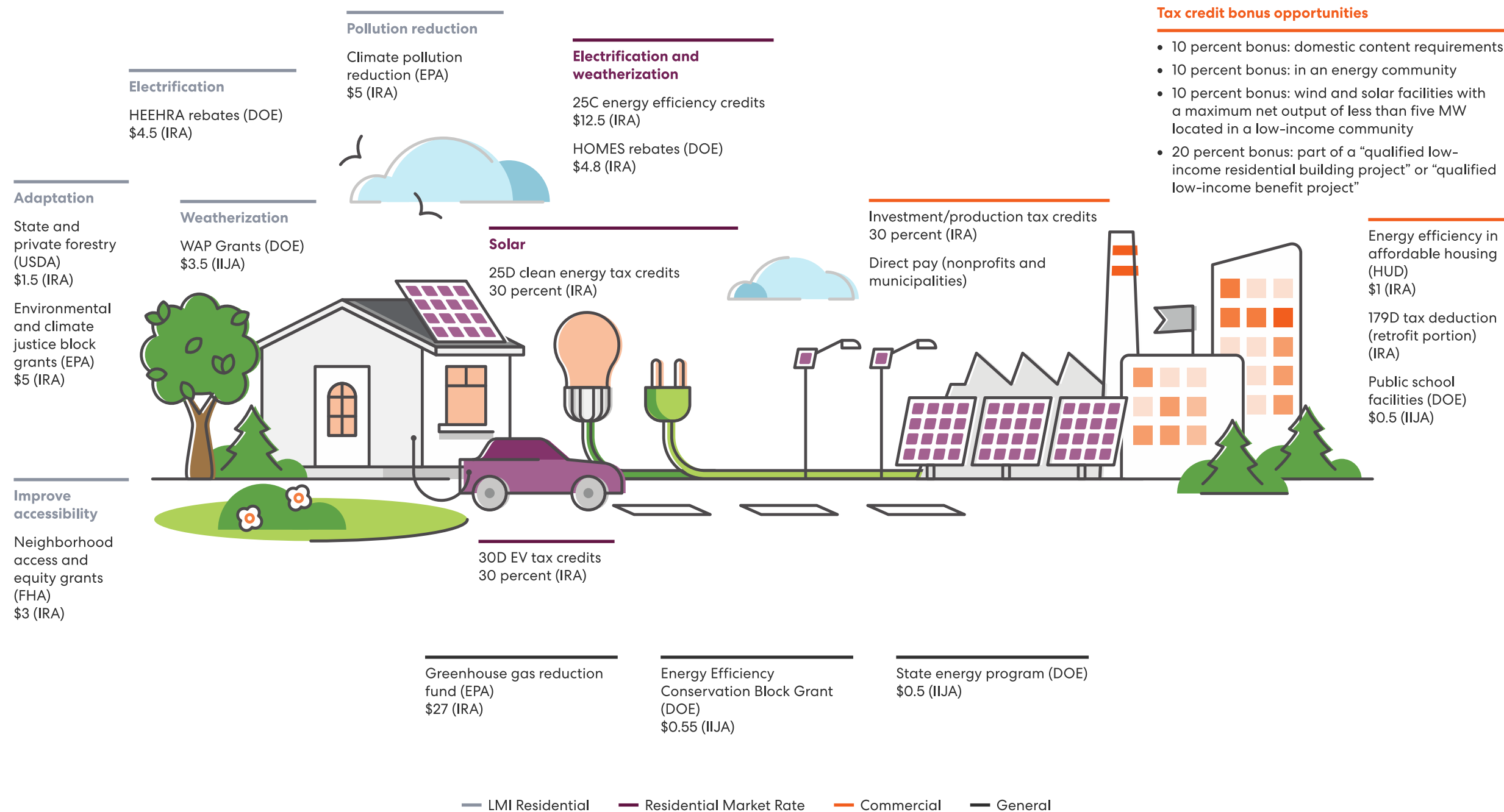


# Federal Funding Opportunities for Climate, Sustainability and Energy

## Opportunities for Municipalities

The Inflation Reduction Act of 2022 (IRA) invests over \$60 billion in critical clean energy, climate and electrification measures and puts the U.S. on path to a 40 percent emissions reduction by 2030. The IRA contains numerous opportunities for municipalities to leverage these dollars to improve the quality of life for residents, reduce their utility costs, and modernize homes and businesses.



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Category	Amount (in Billions of Dollars)	Title	Agency	Implementer	Mechanism	Provisions
Transportation	\$3.05	Neighborhood Access and Equity Grant Program	FHA	Municipality	Grants	<ul style="list-style-type: none"> <li>Removing, replacing, or retrofitting highways</li> <li>Mitigating highways' impacts on neighborhoods</li> <li>Building or improving streets, multi-use trails, greenways, or transportation networks</li> <li>Providing affordable access to essential destinations, public spaces, or transportation links and hubs</li> </ul>
Transportation	\$1.00	Clean heavy-duty vehicles grants and rebates	EPA	Municipality	Grants	<ul style="list-style-type: none"> <li>\$600 million for zero-emissions heavy-duty vehicles, fueling and charging infrastructure, workforce development, and technical activities</li> <li>\$400 million for areas exceeding Clean Air Act air-quality standards</li> </ul>
Renewables	Unlimited	Direct Pay Clean Energy Tax Credits	IRS	Utility	Direct pay	Section 13801 of the IRA adds a new Section 6417 to the tax code, which allows tax exempt entities, state and local governments (along with other tax-exempt organizations like municipal utilities and rural cooperatives) to receive as a “direct payment” many of the IRA’s tax credits that would otherwise only have value to tax paying entities.
Renewables	Unlimited	Residential Clean Energy Tax Credit (25D)	IRS	Taxpayer	Tax credit	Credit for 30 percent of the costs of solar, wind, geothermal or biomass technologies, and battery storage systems with a capacity greater than 3 kWh until 2032, when it gradually decreases
Home efficiency and electrification	\$1.00	Improving Energy Efficiency or Water Efficiency or Climate Resilience of Affordable Housing	HUD	Developer	Loans	<ul style="list-style-type: none"> <li>Improving energy or water efficiency, indoor air quality or sustainability</li> <li>Implementing low-emission technologies, materials or processes</li> <li>Addressing climate resilience</li> <li>Conducting energy and water benchmarking</li> </ul>
Home efficiency and electrification	\$4.50	High-Efficiency Electric Homes and Rebates Act	DOE	State Energy office	Rebates	Up to \$14,000 in rebates for qualified electrification projects: <ul style="list-style-type: none"> <li>Heat pump water heater: \$1,750</li> <li>Heat pump for space heating and cooling: \$8,000</li> <li>Electric stove: \$840</li> <li>Heat pump clothes dryer: \$840</li> <li>Breaker box: \$4,000</li> <li>Insulation, air sealing, ventilation: \$1,600</li> <li>Electric wiring: \$2,500</li> </ul>
Home efficiency and electrification	\$4.30	Home Energy Performance Based, Whole House Rebates	DOE	State Energy office	Rebates	Upgrading energy efficiency and electrification in LMI single-family and multifamily buildings with more than 50 percent LMI occupants
Business efficiency and electrification	\$1.00	Assistance for Latest and Zero Building Energy Code Adoption	DOE	Municipality	Grants and technical assistance	For local governments with building code authority to develop or adopt plans in residential or commercial buildings
Business efficiency and electrification	Unlimited	Energy Efficient Commercial Buildings Deduction (179D)	IRS	Business	Tax Deduction (transferable)	The 179D tax deduction has been increased and now offers \$2.50 to \$5.00 per square foot for businesses achieving 25–50 percent reductions in energy use over existing building performance standards.
Business efficiency and electrification	Unlimited	Advanced Manufacturing Production Credit	IRS	Business	Tax credit	Section 45X Advanced Manufacturing Production Tax Credit can be claimed for the domestic production and sale of qualifying solar, wind and battery components—solar photovoltaic cells, for example.
All purpose	\$20.00	Greenhouse Gas Reduction Fund	EPA	Green banks	Grants, Loans	For nonprofit financing institutions to enable low-income and disadvantaged communities to deploy or benefit from zero-emission technologies and to carry out other GHG-reduction activities
All purpose	\$ 4.75 + \$250 million for plan	Climate Pollution Reduction Grants	EPA	Municipality	Grants	Applications will need to include info about how much GHG pollution is reduced and how that affects LMI communities [Details pending]
All purpose	\$2.60	Investing in Coastal Communities and Climate Resilience	NOAA	Municipality	Grants	<ul style="list-style-type: none"> <li>To conserve, restore, and protect coastal and marine habitats, resources, and other fisheries</li> <li>To enable coastal communities to prepare for climate change–related extreme weather events</li> <li>To support natural resources that sustain coastal and marine resource–dependent communities</li> </ul>
All purpose	\$5.00	Environmental and Climate Justice Block Grants	EPA	Nonprofit	Grants and technical assistance	For community-led air and other pollution monitoring, prevention and remediation investments in low- and zero-emission and resilient technologies, and related infrastructure and workforce development
All purpose	\$7.00	Greenhouse Gas Reduction Fund	EPA	State Energy office; Municipalities	Grants, Loans	For nonprofit financing institutions to enable low-income and disadvantaged communities to deploy or benefit from zero-emission technologies and to carry out other GHG-reduction activities
All purpose	Unlimited	Direct Pay and Transferability of the Investment Tax Credit (ITC) or Production Tax Credit (PTC)	IRS	Municipalities, nonprofits, tribal governments, rural electric cooperatives	Direct Pay Tax Credits	<ul style="list-style-type: none"> <li>ITC: eligible entities can receive the credit as a tax “refund” (direct pay)</li> <li>PTC: eligible entities can sell their credits to another taxpayer for cash (transfer)</li> </ul>
Agriculture adaptation and mitigation	\$1.50	State and Private Forestry Conservation Programs	USDA	Municipality	Grants	Multiyear, programmatic, competitive grants for tree planting and related activities

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