



1899 L Street, NW, Suite 1200
Washington, DC 20036

T 202.822.8282
F 202.296.8834

HOBBSSTRAUS.COM

August 4, 2022

GENERAL MEMORANDUM 22-013

Tribes Positioned to Benefit from Billions in Budget Reconciliation Deal

The \$739 billion budget reconciliation deal reached by Senate Majority Leader Schumer (D-NY) and Senator Manchin (D-WV) on domestic energy production and manufacturing, prescription drug pricing, an extension of certain Affordable Care Act provisions, corporate tax reform, and deficit reduction is titled the “Inflation Reduction Act of 2022” or H.R. 5376. The bill contains millions of dollars specifically for Tribes and includes Tribes among the eligible entities for billions of dollars in grants and tax credits aimed at boosting clean energy infrastructure, climate resilience, and emergency preparedness. The deal was reached on the condition that Congress take up comprehensive energy permitting reform legislation before the end of the fiscal year.

This version is significantly scaled back from the original “Build Back Better” proposal and is the culmination of nearly a year of contentious negotiations among Democrats; however, as of this writing, it is still unclear as to whether Senator Sinema (D-AZ) will support the bill. We understand that Majority Leader Schumer intends to bring the bill to the Senate Floor later this week. There will then be an opportunity for all Senators to offer amendments (these amendments will only need a simple majority to pass) so this is an opportunity to improve and to secure additional Tribal provisions. If Senate Democrats are able to pass this bill as amended, House Speaker Pelosi (D-CA) has indicated that she will bring the House of Representatives back from the August Recess to vote on it.

The Senate Democrats’ page for the bill is [here](#), with links to the bill text and section by section summaries by topic. We attach the one-page summary of the bill’s revenue raising and spending provisions. *Below we highlight key provisions of potential interest to Tribes:*

Appropriations

Funding Specifically for Tribes and Native Hawaiians

- \$220 million to the Bureau of Indian Affairs (BIA) for tribal climate resilience programs.
- \$10 million to the BIA for fish hatchery operations and maintenance programs.
- \$23.5 million to the Office of Native Hawaiian Relations for climate resilience and adaptation activities to benefit Native Hawaiians.
- \$145 million to the BIA for providing electricity to unelectrified tribal homes through zero-emissions energy systems, transitioning electrified tribal homes to zero-emissions energy

systems, and associated home repairs and retrofitting necessary to install the zero-emissions energy systems.

- \$12.5 million to the Bureau of Reclamation (BOR) for near-term drought relief actions for Tribes impacted by BOR water projects, including through direct financial assistance to address drinking water shortages and to mitigate the loss of tribal trust resources.
- \$225 million for grants to Tribes to develop and implement high-efficiency electric home rebate programs to benefit eligible businesses developing and constructing qualified electrification projects.

Tribes Included as Eligible Entities

- \$1.5 billion to provide multi-year, competitive grants to government entities, including Tribes, for tree-planting and related activities, with priority for projects benefiting low-income communities and areas.
- \$2.6 billion to the National Oceanic and Atmospheric Administration for direct expenditure, contracts, grants, cooperative agreements, or technical assistance to eligible entities, including Tribes, for the following projects:
 - Conservation, restoration, and protection of coastal and marine habitats and resources, including fisheries.
 - Extreme storm and climate preparation for coastal communities.
 - Projects that support natural resources that sustain coastal and marine resource dependent communities.
- \$400 million for awards to eligible recipients, including Tribes, to replace emission-producing vehicles with zero-emission vehicles and to develop and maintain infrastructure for fueling and operating these vehicles.
- \$7 million for grants to Tribes and other entities for system updates to ensure communication with the Environmental Protection Agency's Integrated Compliance System.
- \$250 million for an environmental product declaration program, including to provide grants and technical assistance to Tribes implementing such programs in their own communities.
- \$5 billion to eligible entities, including Tribes, for greenhouse gas pollution reduction planning and implementation grants.
- \$3 billion for grants and technical assistance for partnerships between Tribes, among other entities, and community-based nonprofits to engage in climate mitigation efforts.

Tax Credits and Deductions

- Increases tax credits by up to 20% for solar and wind energy facilities and clean electricity facilities servicing low-income areas, including Indian lands and Native American Housing Assistance and Self Determination Act (NAHASDA) housing programs.

- Allows for certain tax-exempt entities (including Tribes and Alaska Native Corporations) to make an election of certain clean energy tax credits to certain taxable entities.
- Allows for certain tax-exempt entities (including Tribes and Alaska Native Corporations) to allocate energy efficient commercial buildings tax deductions to certain taxable entities.

Please let us know if we may provide additional information about the Inflation Reduction Act of 2022 as this situation continues to develop.

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Inquiries may be directed to:

Moriah O'Brien (mobrien@hobbsstrauss.com) or

Caitrin Shuy (cshuy@hobbsstrauss.com)

SUMMARY: THE INFLATION REDUCTION ACT OF 2022

The *Inflation Reduction Act of 2022* will make a historic down payment on deficit reduction to fight inflation, invest in domestic energy production and manufacturing, and reduce carbon emissions by roughly 40 percent by 2030. The bill will also finally allow Medicare to negotiate for prescription drug prices and extend the expanded Affordable Care Act program for three years, through 2025.

The new proposal for the FY2022 Budget Reconciliation bill will invest approximately \$300 billion in Deficit Reduction and \$369 billion in Energy Security and Climate Change programs over the next ten years.

Additionally, the agreement calls for comprehensive Permitting reform legislation to be passed before the end of the fiscal year. Permitting reform is essential to unlocking domestic energy and transmission projects, which will lower costs for consumers and help us meet our long-term emissions goals.

TOPLINE ESTIMATES:

TOTAL REVENUE RAISED	\$739 billion
<i>15% Corporate Minimum Tax</i>	<i>313 billion*</i>
<i>Prescription Drug Pricing Reform</i>	<i>288 billion**</i>
<i>IRS Tax Enforcement</i>	<i>124 billion**</i>
<i>Carried Interest Loophole</i>	<i>14 billion*</i>
TOTAL INVESTMENTS	\$433 billion
<i>Energy Security and Climate Change</i>	<i>369 billion***</i>
<i>Affordable Care Act Extension</i>	<i>64 billion**</i>
TOTAL DEFICIT REDUCTION	\$300+ billion

* = Joint Committee on Taxation estimate

** = Congressional Budget Office estimate

The Inflation Reduction Act:

- Enacts historic deficit reduction to fight inflation
- Lowers energy costs, increases cleaner production, and reduces carbon emissions by roughly 40 percent by 2030
- Allows Medicare to negotiate drug prices and caps out-of-pocket costs to \$2,000
- Lowers ACA health care premiums for millions of Americans
- Make biggest corporations and ultra-wealthy pay their fair share
- There are no new taxes on families making \$400,000 or less and no new taxes on small businesses – we are closing tax loopholes and enforcing the tax code.