

## CONGRESS SHOULD DISMANTLE THE INFLATION REDUCTION ACT

Because budget reconciliation can be used to expedite legislation that changes spending, revenues, or the debt limit, Congress should take a close look in the [Inflation Reduction Act \(IRA\)](#)<sup>1</sup> for potential offsets, as it moves its budget package forward in an attempt to extend tax cuts in the [Tax Cuts and Jobs Act of 2017 \(TCJA\)](#).<sup>2</sup>

The energy and environmental provisions in the IRA should be carefully examined. Part of Biden’s “Green New Deal” is a provision for tax credits for investments in facilities that generate clean electricity<sup>3</sup> ([IRA Section 13702](#)) and that could extend *in perpetuity*. The [Congressional Budget Office \(CBO\)](#), in its January, 2025 baseline budget projections, estimated this Investment Tax Credit, along with the Production Tax Credit, available for electric utilities that produce clean energy,<sup>4</sup> ([IRA Section 13701](#)) that could likewise extend *in perpetuity*, increase projected deficits by \$308 billion from 2026 to 2035.<sup>5</sup>

An additional matter that merits review concerns the outlay of \$100 Million to the Administrator of the Environmental Protection Agency (EPA) to identify and label construction materials and products having lower levels of embodied greenhouse gas emissions, than estimated industry averages, for those materials and products used in transportation projects and federal buildings - a substantial sum indeed to label asphalt loads and drywall.

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<sup>1</sup> Inflation Reduction Act of 2022, Pub. L. 117-169, August 16, 2022.

<sup>2</sup> Tax Cuts and Jobs Act of 2017, Pub. L. 115-97, December 22, 2017.

<sup>3</sup> *Id.*, IRA Section 13702.

<sup>4</sup> *Id.*, IRA Section 13701.

<sup>5</sup> “Business Tax Credits for Wind and Solar Power” Congressional Budget Office, CBO Publication 61188, part of “Summary” at first unnumbered page, April, 2025, <https://www.cbo.gov/system/files/2025-04/61188-solar-wind-incentives.pdf>.

These are but three provisions in the IRA worthy of repeal. Hundreds more exist. So many, in fact, that [Goldman Sachs](#) estimated the IRA could cost the government around [\\$1.2 Trillion through to 2032, three times the CBO estimate](#).<sup>6</sup>

As Congressional Committees begin their reconciliation work in earnest; special interests have already begun their reconciliation work to make sure their slice of the IRA pie isn't taken off the menu for upcoming years.

Our Nation is at a pivotal point. The decisions this Congress makes in coming weeks will either make or break our Nation's fiscal house and determine whether current and succeeding generations will be saddled with vestiges of Biden's "Green New Deal" or whether those generations will be allowed to move forward unencumbered by the fiscal folly of the past.

Make no mistake. If Congress opts to use the scalpel approach to the IRA, as many advocate, our Nation will continue to subsidize Biden's "Green New Deal." That procedure would leave us with something more akin to the "*Light Green New Deal*" – because it would still be green – with full ownership vested in the 119<sup>th</sup> Congress.

Conversely, some advocate for the sledgehammer approach to the IRA, where Congress would "beat the daylight" out of the IRA. But a sledgehammer has limits. And it would be foolish to attempt to take down a massive structure with only a hand held tool like a sledgehammer. The same theory applies if Congress needs to take down a massive legislative structure like the IRA.

But a third way exists.

That is the wrecking ball approach, where the IRA - in its entirety - is obliterated.

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<sup>6</sup> "Carbonomics: The third American energy revolution", by Michele Della Vigna, CFA; Yulia Bocharnikova; Brian Lee, CFA; Neil Mehta; Brian Singer, CFA; Enrico Chinello, Ph.D.; Nikhil Bhandari; Jerry Revich, CFA; Mark Delaney, CFA; Joe Ritchie; Adam Samuelson; Emily Chieng, CFA; Ati Modak; Adam Bubes, CFA; Vivek Srivastava, Goldman Sachs Equity Research, March 22, 2023 9:10 PM CET, p. 4, originally published March 22, 2023 (83 pgs), <https://www.goldmansachs.com/pdfs/insights/pages/gs-research/carbonomics-the-third-american-energy-revolution/report.pdf>

The American people did not send this Congress to Washington to perform surgical procedures on Biden's "Green New Deal" leaving them with fiscal scar tissue. Neither was this Congress sent to swing a financial sledgehammer at the IRA, with a takedown requiring years to accomplish. This Congress was sent to Washington to end – once and for all – the entirety of Biden's "Green New Deal," largely subsidized via the IRA.

Congress should take the opportunity before it to repeal the IRA in its entirety, using appropriate projected changes in spending, revenues, and the debt limit, to pay for the extension of tax cuts in the Tax Cuts and Jobs Act.