



NANCY PELOSI
SPEAKER OF THE HOUSE

FACT SHEET

FROM SPEAKER OF THE HOUSE NANCY PELOSI
SPEAKER.GOV

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Senate Amendment to H.R. 5376, the Inflation Reduction Act *This Is A Transformative Piece of Legislation, Lowering Families' Health Care Costs, Drug Costs and Energy Costs, Making the Largest Investment in Addressing Climate Change in History, and Cutting Emissions by Roughly 40 Percent by 2030*

KEY POINTS:

- Today, the House will consider Senate Amendment to H.R. 5376, the Inflation Reduction Act. This legislation is transformative. It is a sweeping, historic piece of legislation. The bill includes Democratic priorities to lower health care costs, lower energy costs, combat climate change, and ensure that corporations pay their fair share.
- On Sunday, August 7, the Senate passed the bill by a vote of 51 to 50.
- An overwhelming majority of the American public supports the Inflation Reduction Act's key health care, climate and inflation-fighting measures. For example, a new poll from Data for Progress released on August 3 found that ["over 7 in 10 voters overwhelmingly back the Inflation Reduction Act, including 95 percent of Democrats, nearly three-quarters of independents, and more than half of Republicans."](#)

Inflation Reduction Act: Historic Action to Lower Kitchen-Table Costs, Act on Climate, Reduce Deficit

The Inflation Reduction Act is historic legislation that will lower families' kitchen table costs, creates millions of good-paying jobs delivering the most significant action on climate in history, and dramatically reduce the deficit. The bill:

- Lowens the cost of health care: reduces the cost of health care for millions by extending ACA enhanced subsidies for three more years, locking in lower health care premiums that save 13 million people an average of \$800 a year and lowering drug prices.
- Slashes prescription drug costs: For the first time ever empowers Medicare to negotiate the price of prescription drugs; requires drug companies to pay Medicare rebates if they raise prices faster than the rate of inflation starting in October 2022; and creates a new out-of-pocket cap for Part D drug costs for Medicare beneficiaries of \$2,000 a year, starting in 2025.
- Lowens the deficit and reduces inflation: makes a historic down payment on deficit reduction of approximately \$300 billion to fight inflation.

Below is an overview of many of the key provisions in this historic legislation – including health care, climate, and tax provisions.

HEALTH CARE

Key Provisions:

- **Empowering Medicare to Negotiate Drug Prices:** For the first time, empowers Medicare to negotiate prices for the highest cost single-source drugs in Medicare, a policy that Democrats have been trying to enact for years. [The provisions save more than \\$100 billion over 10 years.](#) It allows Medicare to negotiate lower prices for about 100 drugs over the next decade: 10 high-cost drugs beginning in 2026, 15 additional drugs in both 2027 and 2028, and 20 more in 2029 and thereafter. The Secretary must

negotiate a price that is no more than the 75 percent of the non-federal Average Manufacturer Price, a price that is used by the Department of Defense and others.

- **An Inflation Rebate for Seniors on Medicare:** Over the past 20 years, price increases for brand-name drugs in Medicare Part D have risen at more than twice the rate of inflation. Under this bill, if drug companies raise prices in Medicare faster than the rate of inflation, they must pay rebates back to Medicare for the difference, beginning in October 2022. Senate Republicans forced the removal of a provision that applied inflation rebates to drug sales to families with private health insurance.
- **New \$2,000 Out-Of-Pocket Cap for Part D Drugs for Seniors on Medicare:** Caps Part D out-of-pocket drug costs at \$2,000 a year for seniors and individuals with disabilities on Medicare, starting in 2025.
- **Caps Insulin Costs at \$35 A Month for Seniors and Individuals with Disabilities on Medicare:** Caps Medicare beneficiaries' insulin costs at \$35 a month. Republicans voted against capping insulin out-of-pocket costs for Americans with private health insurance keeping this vital protection out of the bill.
- **Lowers Premiums in ACA Marketplaces for 13 Million Americans:** Extends enhanced ACA subsidies for three years, through 2025. Without these provisions, these enhanced ACA subsidies would expire in January, causing increases in the premiums Americans would pay who are in the ACA marketplace and leading roughly 3 million Americans to lose their health coverage.

ENERGY SECURITY AND CLIMATE CHANGE INVESTMENTS

Key Points:

- **The Inflation Reduction Act includes approximately \$370 billion in investments addressing climate change – by far the single biggest climate investment in U.S. history.**
- **The Inflation Reduction Act's investments will restore American global leadership on climate change by reducing carbon emissions by roughly 40 percent by 2030.**
- **The Inflation Reduction Act lowers costs for American consumers, invests in American-made solutions that restore American global leadership and energy independence, and ensures that environmental justice and rural communities reap the benefits of the clean economy.**

Lower Consumer Energy Costs:

- **Consumer Home Energy Rebate Programs:** Provides \$9 billion in consumer home energy rebate programs, focused on low-income consumers, to electrify home appliances and for energy efficient retrofits.
- **10 Years of Consumer Tax Credits to Make Homes Energy Efficient:** Provides 10 years of consumer tax credits to make homes energy efficient and run on clean energy, making heat pumps, rooftop solar, electric HVAC, and water heaters more affordable.
- **Consumer Tax Credits to Buy Used or New Clean Vehicles:** Provides a \$4,000 consumer tax credit for lower/middle income individuals to buy used clean vehicles, and up to \$7,000 tax credit to buy new clean vehicles.
- **\$1 Billion Grant Program to Make Housing More Energy Efficient:** \$1 billion grant program to make affordable housing more energy efficient.
- **Methane Emissions Reduction Program:** Leaked or intentionally wasted natural gas never makes its way to customers, but they are nevertheless stuck with the bill. The Methane Emission Reduction Program will ensure consumers no longer pay for wasted energy.

American Energy Security and Domestic Manufacturing

- **Overview:** The bill will support energy reliability and cleaner energy production coupled with historic investments in American clean energy manufacturing. It includes over \$60 billion for clean energy manufacturing in the United States across the full supply chain of clean energy and transportation technologies. These manufacturing incentives will help alleviate inflation and reduce the risk of future price shocks by bringing down the cost of clean energy and clean vehicles and relieving supply chain bottlenecks.

- **Production and Investment Tax Credits:** The bill provides production and investment tax credits to accelerate U.S. manufacturing of electric vehicles, solar panels, wind turbines, batteries, and critical minerals processing, with an estimated total investment of \$40 billion.
- **Defense Production Act:** Provides \$500 million in Defense Production Act funding to support heat pump manufacturing and critical minerals processing.
- **Domestic Manufacturing:** Provides \$2 billion for grants to retool existing auto manufacturing facilities to manufacture clean vehicles, ensuring that auto manufacturing jobs stay in the communities that depend on them.
- **Financing for Energy Infrastructure, Next Generation Technologies, and Tribal Energy Projects:** Provides loans and loan guarantees for more than \$300 billion in clean energy infrastructure, advanced technologies, and transmission projects in across the United States, including in historical energy producing communities and on Tribal lands.
- **Investing in Our National Laboratories:** The bill provides \$2 billion for National Labs to accelerate breakthrough energy research.

Decarbonize the Economy

- **Overview:** The investments in the bill will reduce emissions in every sector of the economy, substantially reducing emissions from electricity production, transportation, industrial manufacturing, buildings, and agriculture:
- **Tax Credits for Clean Sources of Electricity and Energy Storage:** Provides tax credits for clean sources of electricity and energy storage and roughly \$30 billion in targeted grant and loan programs for states and electric utilities to accelerate the transition to clean electricity.
- **Tax Credits and Grants for Clean Fuels and Clean Commercial Vehicles:** Provides tax credits and grants for clean fuels and clean commercial vehicles to reduce emissions from all parts of the transportation sector.
- **Grants and Tax Credits to Reduce Emissions from Industrial Manufacturing:** Provides grants and tax credits to reduce emissions from industrial and manufacturing processes, including almost \$6 billion for a new Advanced Industrial Facilities Deployment Program to reduce emissions from energy intensive industrial and manufacturing facilities like chemical and cement plants.
- **Over \$9 Billion for Federal Procurement of American-Made Clean Technologies:** Provides over \$9 billion for Federal procurement of American-made clean technologies to create a stable market for clean products, including \$3 billion for the U.S. Postal Service to purchase zero-emissions vehicles.
- **\$27 Billion Greenhouse Gas Reduction Fund:** Provides \$27 billion for nonprofit, state, and local climate finance institutions that support the rapid deployment of low- and zero- emission technologies to help communities reduce and avoid pollution, especially in disadvantaged communities.

Invest in Communities and Environmental Justice

- **Overview:** Building on regular engagement with Environmental Justice leaders from across the country, this package includes over \$60 billion in environmental justice priorities to drive investments into disadvantaged communities. Some of the highlight include:
- **Environmental and Climate Justice Block Grants:** Provides Environmental and Climate Justice Block Grants, funded at \$3 billion, that invest in community-led projects in disadvantaged communities and community capacity building centers to address disproportionate environmental and public health harms caused by pollution and climate change.
- **Neighborhood Access and Equity Grants:** Provides Neighborhood Access and Equity Grants, funded at \$3 billion, that support neighborhood equity, safety, and affordable transportation access with competitive grants to reconnect communities divided by existing infrastructure barriers, mitigate negative impacts of transportation facilities or construction projects on disadvantaged or underserved communities, and support equitable transportation planning and community engagement activities.
- **Grants to Reduce Air Pollution at Ports:** Provides grants to reduce air pollution at ports, funded at \$3 billion, that support the purchase and installation of zero-emission equipment and technology at ports.
- **\$1 Billion for Clean Heavy-Duty Vehicles:** Provide \$1 billion for clean heavy-duty vehicles, like school and transit buses and garbage trucks.

- **Clean Energy Tax Credits:** Many of the clean energy tax credits also include either a bonus or a set-aside structure to drive investments and economic development in disadvantaged communities.

Farmers, Forestland Owners, and Resilient Rural Communities

- **Overview:** The bill will make historic investments to ensure that rural communities are at the forefront of climate solutions. The investments affirm the central role of agricultural producers and forest landowners in our climate solutions by investing in climate-smart agriculture, forest restoration and land conservation. It also makes significant investments in clean energy development in disadvantaged communities:
- **Climate-Smart Agriculture Practices:** Provides more than \$20 billion to support climate-smart agriculture practices.
- **Grants to Support Healthy Forests:** Provides \$5 billion in grants to support healthy, fire resilient forests, forest conservation, and urban tree planting.
- **Tax Credits and Grants to Support the Domestic Production of Biofuels:** Provides tax credits and grants to support the domestic production of biofuels, and to build the infrastructure needed for sustainable aviation fuel and other biofuels.
- **Grants to Conserve and Restore Coastal Habitats:** Provides \$2.6 billion to conserve and restore coastal habitats and protect communities that depend on those habitats.

TAXES

The historic Inflation Reduction Act honors our promise to American families – and is fully paid for:

- Makes biggest corporations and ultra-wealthy pay their fair share: is paid for by strengthening IRS enforcement against wealthy tax cheats, closing tax loopholes exploited by the wealthiest few, and implementing a 15 percent corporate minimum tax – which applies only to the 150 corporations making earning over \$1 billion in profits that pay less than 15% in taxes.
- NO new taxes on families making \$400,000 or less and NO new taxes on small businesses: Not one middle class person filling out their taxes will find that they are facing higher taxes or higher tax rates.

Meanwhile, Republicans are desperately spreading falsehoods in order to protect wealthy tax cheats and the obscene profits of Big Pharma – with false claims that have earned repeated factchecks and [three Pinocchio lies](#) about the Inflation Reduction Act’s investments in ensuring the IRS has the resources to take on those wealthiest few using well-heeled armies of lawyers and accountants to break the law and cheat on their taxes.

- **Unlike honest, hard-working middle class families paying their fair share, the top 1% is estimated to not pay \$160 billion in owed taxes each year.**
- Treasury Secretary Yellen [has specifically directed](#) the IRS Commissioner not to increase the audit rate for households making under \$400,000 a year.
- The IRS Commissioner himself, a Republican appointed by President Trump, has [said](#), “These resources are absolutely not about increasing audit scrutiny on small businesses or middle-income Americans. As we have been planning, our investment of these enforcement resources is designed around Treasury’s directive that audit rates will not rise relative to recent years for households making under \$400,000.”
- A [bipartisan group of former IRS commissioners](#) verified that “for ordinary Americans who already fulfill their tax obligations, audit scrutiny will decline, because the IRS will be better at selecting returns for examination.” [...] This bill is about getting to the heart of the problem and pursuing high-end taxpayers and corporations who today illegally evade their tax obligations.”

**SUPPORT FOR THE INFLATION REDUCTION ACT IS BROAD-BASED
ACROSS THE COUNTRY**

The Inflation Reduction Act enjoys bipartisan support from the American people, as well as a wide range of experts, climate activists, labor unions, business leaders and advocacy organizations.

Below is an overview of just some of the support that the Inflation Reduction Act has received from across the country.

An overwhelming majority of the American public supports the Inflation Reduction Act's transformative health care, climate and inflation-fighting measures.

- Data for Progress found that 73 percent of likely voters support the Inflation Reduction Act – including 95 percent of Democrats, nearly three-quarters of Independents and more than half of Republicans.

Policy experts from both parties have endorsed the IRA's measures to bring down kitchen table costs, combat the climate crisis and ensure corporations pay their fair share.

- Earlier this month, **126 of the country's top economists** – including seven Nobel Laureates – wrote that the IRA “will fight inflation and lower costs for American families while setting the stage for strong, stable, and broadly-shared long-term economic growth.”
- **Five former Treasury Secretaries** – including GOP-appointed Henry Paulson – wrote that the IRA “will help increase American competitiveness, address our climate crisis, lower costs for families, and fight inflation—and should be passed immediately by Congress.”
- **Three former IRS Commissioners** – including GOP-appointed Fred Goldberg – wrote that the IRA will “mean the capacity to enforce the tax laws against sophisticated taxpayers who today evade their tax obligations freely ... This bill is about getting to the heart of the problem and pursuing high-end taxpayers and corporations who today illegally evade their tax obligations.”
- **A bipartisan group of former EPA Administrators** – including GOP-appointed William Reilly and Christine Todd Whitman – recently wrote that the Inflation Reduction Act “meets the moment of urgency that the climate crisis demands ... while making unprecedented investments in clean energy solutions that will save families hundreds of dollars a year and create new, good paying union jobs across the country.”

Key labor leaders have highlighted the IRA's benefits for working families:

- **Liz Shuler, President, AFL-CIO:** “This bill will reshape the future and deliver real help to working families by reducing rising energy and health care costs ... this legislation will improve the lives of millions of Americans struggling to afford health care, seniors trying to pay for their prescriptions and future generations who will be able to see the impacts of drastically reduced carbon emissions.”
- **Mary Kay Henry, International President, SEIU:** “The Inflation Reduction Act ... is a game-changer for working people across America struggling with rising healthcare and prescription drug costs and the devastating impacts of climate change.”
- **Lee Saunders, President, AFSCME:** “The Inflation Reduction Act will strengthen our economy, alleviate the burden working families have been shouldering, and invest in a healthier, better and brighter future for generations to follow.”
- **Marc Perrone, International President, UFCW:** “The Inflation Reduction Act will put more money back in the pockets of hard-working Americans by bringing inflation down, lowering prescription drug costs, and ensuring that the wealthiest corporations, who make a habit of taking advantage of their workers, start paying their fair share.”
- **Randi Weingarten, President, AFT:** “This landmark bill drives down drug and healthcare costs, reduces energy prices and tackles the effects of extreme weather. And it does it by taxing big corporations and the wealthy, lowering the deficit and cutting inflation. For workers struggling to pay the bills, seniors who can't afford medication, and all those who suffer from crippling diseases like cancer or debilitating illnesses like asthma, it is literally a lifesaver.”
- **Tom Conway, International President, USW:** “The Inflation Reduction Act represents an important step forward for working families, making long overdue investments in ensuring a safe and healthy future for communities across our nation.”

Leading environmental activists have applauded the IRA's historic climate provisions:

- **Manish Bapna, President and CEO, NRDC:** “This is the most significant action the U.S. has ever taken to combat climate change. It will benefit the people of all 50 states – their health, their wallets, their homes and their future.”
- **Lori Lodes, Executive Director, Climate Power:** “The Inflation Reduction Act is a historic win. It ramps up the production of clean energy, like wind and solar, to help Americans save hundreds a month in energy bills — getting clean energy into even more neighborhoods, businesses, and households.”
- **Margie Alt, Director, Climate Action Campaign:** “This legislation will take critical steps to eliminate climate pollution, prevent the most catastrophic impacts of climate change, and will make historic investments that lower costs for families ... Bottom line: this historic legislation will slash climate pollution in the U.S. by an estimated 40 percent by the end of the decade and will put our nation on a real path to a 100% clean economy.”
- **Tiernan Sittenfeld, Senior Vice President of Government Affairs, LCV:** “Passing this bill will mean massive and hard-won progress toward a clean energy future for our country. It will set in motion the economy-wide transformation necessary to power our homes, cars and trucks, and buildings with cheap renewable energy while making the U.S. a leader in clean energy manufacturing and investing in communities too often left behind.”

Business leaders have endorsed the IRA has a key boost to the economy:

- **More than 40 major companies** – including Ford Motor Company, Levi Strauss & Co., Logitech, Patagonia and Unilever – recently wrote that the IRA “would reduce climate-related risks across the economy while combatting inflation, reducing costs for families, and improving energy security ... This package promises to unleash American innovation and ingenuity — and to foster the creation of millions of jobs as a result.”
- **Hundreds of small business owners and business organizations** recently wrote that the IRA “strengthens small businesses by closing tax loopholes and ensuring that large corporations are held accountable and pay their fair share ... The proposed bill also includes support for access to affordable, quality healthcare, which we know significantly impacts small businesses and their employees because they have historically comprised a disproportionate share of the working uninsured population.”
- **Mary Barra, Chair and CEO, General Motors:** “This bill will help drive further investments in American manufacturing and sustainable, scalable, and secure supply chains ... all that comes with that is a stronger economy and job growth.”
- **John Arensmeyer, Founder and CEO, Small Business Majority:** “The provisions in the Inflation Reduction Act of 2022 will strengthen the small business ecosystem by closing unfair corporate tax loopholes and ensuring that quality, affordable healthcare is accessible to more small businesses and their employees.”
- **Rhett Buttle, Senior Advisor, Small Business For America’s Future:** “This legislation is an important breakthrough for policies that will bolster the economic health of the country’s small businesses, which employ nearly half of all Americans and provide economic vitality to every community in this country. We are eager to see this bill signed into law and for its provisions to start helping strengthen Main Street.”
- **Debra Philips, President and CEO, National Electrical Manufacturers Association:** “Our members are poised to invest billions in domestic manufacturing capabilities to facilitate the energy transition, and this legislation will make those investments a lasting reality ... This legislation can be a catalyst for U.S. climate efforts – bringing together the right package of incentives to support more jobs, a stronger energy system and a cleaner planet.”

A range of major advocacy organizations have urged passage of the IRA:

- **Patrick Gaspard, President and CEO, Center for American Progress:** “The Inflation Reduction Act brings down costs on some of life’s biggest non-negotiable expenses: prescription drugs, health care, and energy – answering President Joe Biden’s call to fight inflation ... the Inflation Reduction Act is one of the most significant pieces of economic and climate legislation in a generation.”
- **Jo Ann Jenkins, CEO, AARP:** “This bill will finally require Medicare to leverage its buying power and begin to negotiate with drug companies for lower prices. The provision will apply to a growing number of drugs that are among the highest cost to consumers and Medicare ... The legislation will also give peace of mind to millions of seniors with high drug costs by capping their out-of-pocket Part D drug spending at \$2,000 per year.”

- **Leslie Dach, Chair, Protect Our Care:** “This bill will make a real difference in the lives of millions. It will lower health care costs by thousands of dollars a year. Today's vote is a victory for people who work hard everyday but can't afford the drugs they need to stay alive, or can't afford to pay for health insurance and can't access lifesaving care.”
- **Janet Murguía, President and CEO, UnidosUS:** “This legislation is critical to our nation's ongoing efforts to support families who are still weathering the pandemic and struggling to make ends meet in the face of rising prices. It also makes vital investments to protect the planet our children and grandchildren will inherit, while taking steps toward preventing disadvantaged communities from falling behind or suffering collateral damage in the move to a more sustainable future.”
- **Tom Cochran, CEO and Executive Director, U.S. Conference of Mayors:** “The Inflation Reduction Act will save Americans on their prescription drugs and other health care costs, ensure our nation's tax system is more just, and make the largest investment the United States has ever made to fight the climate crisis. This bill is a huge win for our cities, and America's mayors urge the House of Representatives to swiftly approve and send it to the president's desk for his signature.”