



New York State Comptroller
THOMAS P. DiNAPOLI

Economic and Policy Insights

Impact of the Inflation Reduction Act on New York

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Introduction

The Inflation Reduction Act (IRA) of 2022 contained significant provisions related to taxes, health care, energy and the environment. Specifically, the IRA provided roughly \$400 billion in clean energy investments to mitigate the causes and effects of climate change and air pollution in the form of rebates, tax credits, grants and loans. To date, New York has been granted close to \$2 billion in IRA funds for environmental/energy purposes and State taxpayers filed for tax credits worth \$374 million. IRA programs represent a significant source of funding as the State pursues policies to reduce greenhouse gas emissions and improve resiliency.

IRA Grants

Energy, clean air and conservation programs funded through the IRA provide over \$142 billion through federal programs managed by several U.S. agencies.¹ Of this funding, close to \$105 billion is provided for grants and direct federal spending and up to \$37 billion is appropriated for loans and loan guarantees.² As shown in Figure 1, New York State agencies and authorities, municipalities, businesses and non-profit organizations have been awarded nearly \$2 billion in grants to date.

Figure 1
IRA Grants Awarded to New York By Category of Applicant
(amounts in millions)

Recipient	Activity Supported	Amount
State Agencies and Authorities	Support for Climate and Pollution Mitigation Programs	\$1,332.5
	Additional Support for Agriculture Programs	
Municipalities	Planning and Implementation	\$365.8
	Pollution Mitigation	
	Zero Emission Vehicles	
Farms and Businesses	Urban Forestry	\$155.0
	Efficient Equipment	
	Renewable and Low Emission Energy	
Nonprofit Organizations	High Energy Batteries for Aviation	\$125.1
	Climate and Pollution Mitigation	
	Resilience	
	Urban Forestry in Disadvantaged Communities	
TOTAL		\$1,978.5

Note: State Agencies and Authorities includes \$451.6 million in grants to the Port Authority of New York and New Jersey, just over \$1 million for the St. Regis Mohawk Tribe, \$231,000 for the Seneca Nation of Indians and \$181,000 for the Shinnecock Indian Nation. These figures may not represent the comprehensive total amount of grants awarded to entities in New York through the IRA.

Source: Federal Funds Information for States; Environmental Protection Agency; Departments of Agriculture and Energy; USASpending.gov

New York State Agencies and Authorities

New York State agencies, authorities and tribal authorities have received awards of over \$1.3 billion in grants from IRA programs, with most awarded competitively. There have been few outlays from these grant awards. The State was allocated IRA funds to undertake greenhouse gas reducing activities and funds to support incentive programs including:

- \$249.8 million to support New York's Solar for All program to enable low-income utility customers to subscribe to solar projects and receive a credit on their energy bills. Federal spending information indicates there have been no outlays from this grant.³
- \$159.0 million for the Home Efficiency rebate program (HOMES) to support rebates for home energy retrofits. There have been outlays of \$574,490 from this grant.⁴
- \$158.4 million for the High Efficiency Electric Home rebate program to support the State's provision of point-of-sale rebates for high efficiency appliances and other equipment. Outlays have totaled \$5.3 million.⁵

Since the programs these grants support are currently financed almost exclusively through charges on the electric and gas bills of the state's utility customers, it is possible that the grant funds could offset a portion of these charges and help to make the clean energy transition more affordable for consumers.

Other large grants received by state agencies or public authorities include:

- \$451.6 million for the Port Authority of New York and New Jersey to reduce air pollution from port activities. Federal spending information indicates that there have been no outlays of funding from this grant.⁶
- \$180.0 million for the New York State Department of Transportation's I-81 Connecting Syracuse Project. It is not clear if there have been any outlays from this grant.

Municipal Governments

In addition, New York's municipalities have been awarded at least \$365.8 million for a variety of projects to reduce greenhouse gas emissions and other pollution and build resilience to climate change. For example, the cities of New Rochelle, Buffalo, and New York City have been awarded a combined \$236.4 million for projects to redress harm to communities from highway projects that physically split up neighborhoods and increased pollution from vehicles.⁷ Most of the grants to support activities by municipalities were awarded competitively. (See Appendix B.)

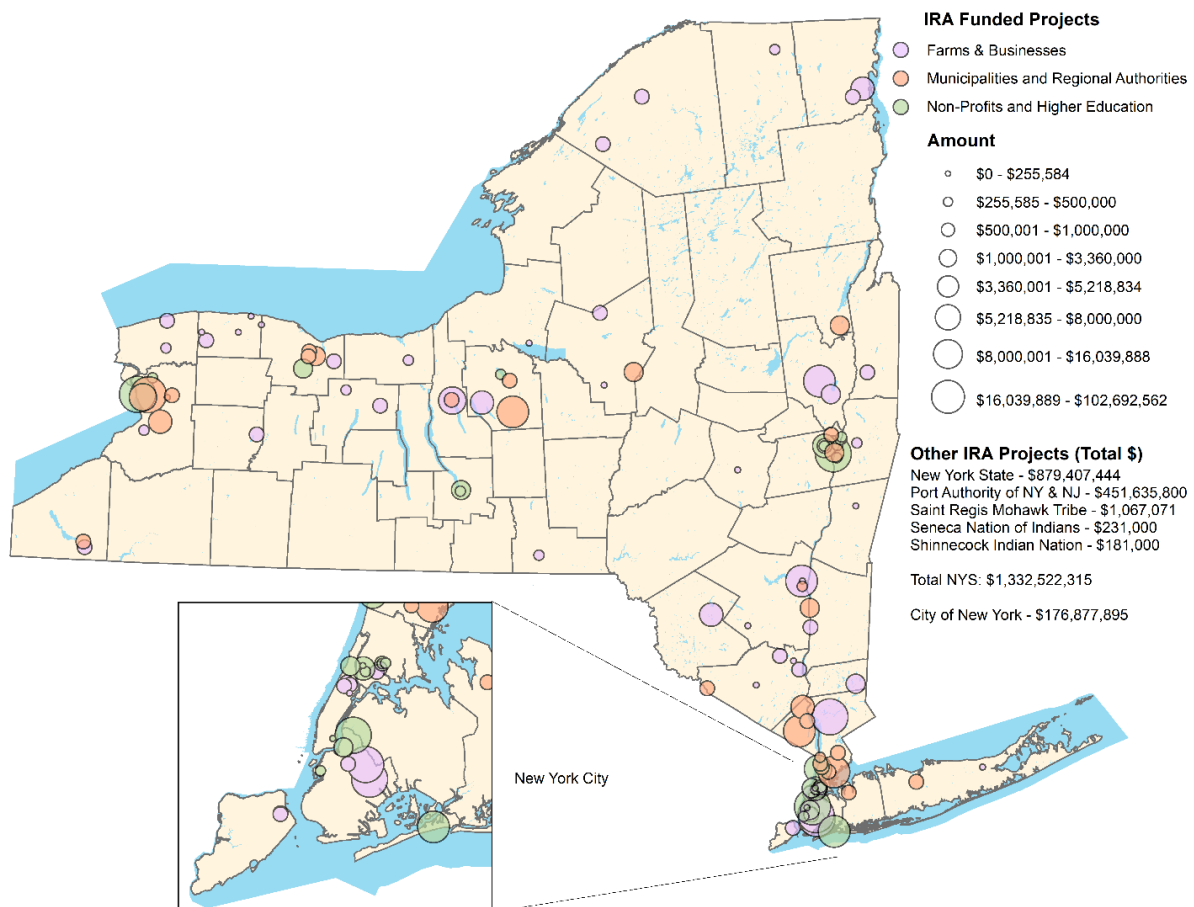
Nonprofits

New York's nonprofit organizations, including the State University of New York Research Foundation, have been awarded at least \$125.1 million in IRA funds, including grants to assist communities in identifying sources of air pollution and engaging with regulators to address them; grants to restore urban trees in disadvantaged communities; and programs to address climate change and pollution impacts in their communities. Non-profit grants were awarded competitively.

Farms and Businesses

The IRA has supported the award of at least \$155.0 million in grants to farms and businesses in New York. The U.S. Department of Agriculture's Rural Energy for America program supporting renewable energy development and efficiency upgrades at farms and rural businesses supported awards that totaled at least \$43.6 million to New York farms and businesses. In addition, the Green and Resilient Retrofit Program provided funds to support efficiency retrofits for privately owned multi-family residential buildings that receive assistance, such as rental assistance vouchers, from the U.S. Department of Housing and Urban Development. To date approximately \$64.1 million in grants have been awarded to the owners of these properties.

Figure 2
IRA Grants Received by New York State Location



Source: Federal Funds Information for States; Environmental Protection Agency; Departments of Agriculture and Energy; USASpending.gov

Tax Credits

There are over 20 new or modified clean energy or clean vehicle tax credits available through the IRA.⁸ IRA tax credits cover a variety of activities including manufacturing of advanced biofuels, purchase of clean vehicles, energy efficiency retrofits of homes and commercial buildings, advanced manufacturing investment and production, clean electricity production and investment, carbon capture and storage and other activities that will reduce emissions of pollutants that cause climate change and other air pollution problems.⁹ Many of the incentivized programs not only reduce pollution, but also help save energy customers money over the long term through more efficient use of energy. In addition, there are mechanisms to enhance or monetize the IRA's tax credits.¹⁰

The Internal Revenue Service has published information on the number of tax filers who claimed two of these credits, the IRA Residential Clean Energy (RCEC) and Energy Efficient Home Improvement (EEHI) tax credits, which incentivize purchase of residential clean energy equipment and residential energy efficiency improvements, respectively. In New York, 2.2 percent of 2023 income tax filers claimed these credits for a total of \$374.1 million and an average of \$1,972.07 per return claiming the credit.

Out of all states, New York ranked 28th in the share of tax filers claiming these credits, with Maine having the highest share of claims on tax returns at 3.6 percent and West Virginia claiming the lowest share at 1.3 percent. Many northeastern states had higher shares of claims, and other large states, including California, Texas and Florida, all had higher average tax credit amounts, as shown in Figure 3.

Figure 3
RCEC and EEHI Tax Credits Claimed by Federal Income Tax Filers, Selected States, 2023

State	Total Returns	Returns Claiming Tax Credits	Share Claiming IRA Tax Credits	Tax Credit Value (in thousands)	Average Tax Credit
Vermont	295,540	10,390	3.5%	\$23,890	\$2,299.33
Connecticut	1,584,150	52,570	3.3%	\$131,494	\$2,501.31
Florida	9,405,760	306,470	3.3%	\$846,533	\$2,762.21
Massachusetts	3,129,870	99,520	3.2%	\$231,681	\$2,327.98
New Jersey	3,999,710	115,140	2.9%	\$204,231	\$1,773.76
Pennsylvania	5,637,510	158,550	2.8%	\$267,893	\$1,689.64
Texas	11,526,510	316,600	2.7%	\$1,019,516	\$3,220.20
California	15,211,580	397,970	2.6%	\$1,629,563	\$4,094.69
U.S.	137,934,330	3,421,880	2.5%	\$8,398,710	\$2,454.41
New York	8,591,030	189,680	2.2%	\$374,063	\$1,972.07
Ohio	5,111,950	109,740	2.1%	\$150,843	\$1,374.55

Source: U.S. Internal Revenue Service

If these tax credits remain in effect through 2032 as is currently in statute for the EEHI, and 2034 for the RCEC, and the share of filers and average tax credit claimed by New York filers remains the same, State residents could benefit from at least \$3.4 billion through 2032, with additional benefits accruing over the last two years of the RCEC.¹¹ If New York's share of filers claiming credits matched Vermont's in 2023 and its average credit claimed reached that of California, the benefit for New Yorkers would top \$10 billion.¹² The IRA tax credit programs have the potential to provide significant benefits to New Yorkers.

Elective (Direct) Pay for Certain IRA Tax Credits

IRA provisions render 12 of the tax credits eligible for elective pay. This allows state and municipal governments, as well as non-profits that do not pay federal income tax, to benefit from the tax credit program and essentially turns the tax credit into a form of grant. Tax credits eligible for elective pay include the Clean Electricity Investment Credit (CEIC), the Renewable Electricity Production Credit (REPC) and the Commercial Clean Vehicle Credit (CCVC). For taxpayers, these credits reduce the taxes owed to the federal government by a percentage of overall investment. In the case of CEIC, that reduction is equal to 6 percent for all projects and up to 30 percent for those that meet prevailing wage and apprenticeship requirements. This could significantly lower the cost of implementing the New York State Power Authority's (NYPA) Renewables Draft Strategic Plan, or lower the cost of installation of renewable electric technologies by municipalities and others. The State Fiscal Year (SFY) 2026 Executive Budget Capital Plan includes \$10 million in SFY 2026 from elective pay IRA funding.

When combined with elective pay, the CCVC, which provides a credit of up to \$40,000 for larger vehicles like school buses, lowers the cost of transitioning to zero- and lower-emissions vehicles for school districts, municipalities and state agencies. As clean energy developers are eligible for tax credits through either the CEIC or REPC, these credits could offset revenue requirements for renewable energy facilities, thereby reducing State costs to incentivize the development of these facilities in New York. The Zero-Emission Nuclear Power Production Credit could have the same effect.

Discussion

According to information provided by the Biden Administration, approximately two thirds of IRA grant funds have been committed.¹³ Additional opportunities for funding are available from the EEHI and RCEC tax credits that remain in effect through 2032 and 2034, respectively, under current statute.¹⁴ On January 20th, President Trump issued an executive order titled "Unleashing American Energy," which, under a section designated "Terminating the Green New Deal," directs all agencies to pause disbursement of IRA grant funds, specifically singling out funds for electric vehicle charging stations.¹⁵ In addition, majority members in the U.S. House of Representatives have identified potential repeal of IRA tax credits as a possible way to pay for reauthorization or expansion of provisions of the 2017 Tax Cuts and Jobs Act.¹⁶ As such, there is significant uncertainty regarding IRA grants and tax credits. If the IRA grant and tax credit programs continue to operate as originally enacted, significant additional funding could be available to help make New York's energy transition more affordable to consumers, businesses, municipalities, farms and nonprofits.

Appendix A: Grants Awarded to the State

Recipient and Activity	Amount (in thousands)
NYSERDA	\$584,673
Solar for All	\$249,800
HOMES Rebate Program	\$159,022
High Efficiency Home Rebate Program	\$158,416
Assistance for latest and zero building codes	\$6,640
State-based contractor training	\$6,369
Assistance for zero building codes	\$4,426
Dept. of Transportation	\$211,944
I-81 Connecting Syracuse Project	\$180,010
Low Carbon Transportation materials	\$31,934
Dept. of Env. Conservation	\$31,976
Urban Community Forestry Program	\$13,500
Methane Emissions Reduction Program	\$8,124
State and Private Forest Restoration	\$5,000
Planning for Climate Pollution Reduction	\$3,000
Clean Air Grants	\$1,109
Air Quality Sensors in Disadvantaged communities	\$994
Forest Legacy Program	\$250
NYPA- Facilitating Interstate Electricity Transmission	\$43,539
Dept. of Health - Air Pollution in Schools	\$5,000
Office of Resilient Homes and Communities- Ensuring a Just Transition in Southwest Brooklyn, NY	\$1,000
Dept. of State - Coastal Communities and Coastal Resilience	\$875
Greenway Conservancy for the Hudson Valley - Investing in Coastal Resilience	\$400
TOTAL	\$879,407

Note: Grants in this table do not include \$451.6 million in grants to the Port Authority of New York and New Jersey, just over \$1 million for the St. Regis Mohawk Tribe, \$231,000 for the Seneca Nation of Indians and \$181,000 for the Shinnecock Indian Nation and so do not match the total in Figure 1. These figures may not represent the comprehensive total amount of grants awarded to entities in New York through the IRA.

Source: Federal Funds Information for States; Environmental Protection Agency; Departments of Agriculture and Energy; USASpending.gov

Appendix B: Grants to Municipalities

Recipient	Amount (in thousands)	Activity
Albany-Schenectady-Troy Metro Area	\$1,000	Planning for Climate Pollution Reduction
Buffalo	\$102,693	Baily Avenue Corridor Improvements
Buffalo-Cheektowaga Metro Area	\$1,000	Planning for Climate Pollution Reduction
Central New York Regional Planning and Development Board	\$9,000	Regional Urban and Community Forestry for Disadvantaged Communities in Central New York
City of Albany, NY Dept. of General Service, Forestry Division	\$1,889	Implementing Block Pruning to Maintain and Preserve Albany's Street Trees
City of Auburn	\$945	Auburn Urban Forestry Disadvantaged Communities Initiative
City of Buffalo	\$8,000	B.E.S.T. (Buffalo Equity in Street Trees) Program
City of Jamestown	\$983	Retooling Homes for Improved Air Quality
City of Kingston	\$500	City of Kingston Urban Forester
City of Mount Vernon	\$1,000	City of Mount Vernon NY Urban Forestry Program
City of Rochester	\$3,000	2023 USDA UCF grant
City of Rochester	\$1,000	Home Electrification and Revitalization Opportunity (HERO) Program
City of Syracuse	\$1,000	Rooting for Syracuse
City of Utica, Dept. of Engineering	\$2,000	Utica Urban Forest Revitalization
City of White Plains	\$1,000	White Plains Urban and Community Forestry Project
City of Yonkers	\$1,000	YCAP Tree Planting
Erie County	\$5,219	Erie County, NY Community Tree and Climate Equity Partnership Project
Hudson Valley Regional Council	\$3,059	Mid-Hudson Municipal Landfill Emissions Mitigation
Municipal Housing Authority for the City of Yonkers	\$1,050	Green Infrastructure
New Rochelle	\$16,040	LINC Implementation Project
North Rockland Central School District	\$4,433	15 School Buses
Port Jervis CDA	\$1,000	2023 USDA UCF
Queensbury Union Free School District	\$3,360	12 School Buses
Rochester, NY Metro Area	\$1,000	Planning for Climate Pollution Reduction
Town of North Hempstead	\$1,000	North Hempstead Branches Out Initiative
Town of Smithtown	\$1,000	Urban Tree Canopy Improvement Project
Village of Hastings-on-Hudson	\$433	Forest Regeneration in Southern Westchester County
Village of Haverstraw	\$1,000	Chair Factory Redevelopment

Village of Lancaster	\$256	Tree Equity and Education Initiative
Village of New Square	\$14,107	48 School Buses
New York City, Subtotal	\$176,878	
New York City	\$19,900	Adoption of Zero and Latest Building Codes
New York City	\$1,000	Planning for Climate Pollution Reduction
Dept. of Transportation	\$5,600	BQE Connects: Advancing the BQE North and South Corridor Vision
Dept. of Parks and Recreation	\$117,696	NYC Parks Queensway: Forest Park Pass
Dept. of Mental Health and Hygiene	\$336	The New York City Air Conditioner Recovery Program
Dept. of Parks and Recreation	\$10,000	NYC Forested Natural Areas Care and Job Training
Dept. of Citywide Admin Services	\$17,346	55 Refuse Haulers, Straight/Box Trucks, Utility Vehicles
Dept. of Parks and Recreation	\$5,000	Stewarding Canopy and Community in Central Queens
Total	\$365,843	

Source: Federal Funds Information for States; Environmental Protection Agency; Departments of Agriculture and Energy; USASpending.gov

Appendix C: Tax Credits Eligible for Direct Pay

- The Energy Credit
- The Clean Electricity Investment Credit
- The Renewable Electricity Production Credit
- The Clean Electricity Production Credit
- The Commercial Clean Vehicle Credit
- The Zero-emission Nuclear Power Production Credit
- The Advanced Manufacturing Production Credit
- The Clean Hydrogen Production Credit
- The Clean Fuel Production Credit
- The Carbon Oxide Sequestration Credit
- The Credit for Alternative Fuel Vehicle Refueling / Recharging Property
- The Qualifying Advanced Energy Project Credit

Endnotes

- ¹ These agencies include the Departments of Agriculture, Commerce, Energy, Homeland Security, Housing and Urban Development, Interior and Transportation, as well as the Environmental Protection Agency, the General Services Administration, the Internal Revenue Service and the U.S. Postal Service. See Romany M. Webb, Martin Lockman & Emma Shumway, *Implementing the Inflation Reduction Act: Progress to Date and Risks from a Changing Administration*, September 2024, available at https://scholarship.law.columbia.edu/sabin_climate_change/232.
- ² *Ibid.*
- ³ As of February 21, 2025. See USASpending.Gov, available at: <https://www.usaspending.gov/search/?hash=e2ac19f69b8065c42fdc175a87d7bd99>.
- ⁴ As of February 21, 2025. See USASpending.Gov, available at: <https://www.usaspending.gov/search/?hash=e2ac19f69b8065c42fdc175a87d7bd99>.
- ⁵ As of February 21, 2025. See USASpending.Gov, available at: <https://www.usaspending.gov/search/?hash=e2ac19f69b8065c42fdc175a87d7bd99>.
- ⁶ As of February 21, 2025. See USASpending.Gov, available at: <https://www.usaspending.gov/search/?hash=e2ac19f69b8065c42fdc175a87d7bd99>.
- ⁷ In addition, the State Department of Transportation received \$180 million for the Interstate 81 Connection project.
- ⁸ The White House, *Building A Clean Energy Economy: A Guidebook to the Inflation Reduction Act's Investments in Clean energy and Climate Action*. January 2023, Version 2.
- ⁹ US Internal Revenue Service, *Credits and Deductions Under the Inflation Reduction Act of 2022*, <https://www.irs.gov/credits-and-deductions-under-the-inflation-reduction-act-of-2022>.
- ¹⁰ Mechanisms to enhance or monetize the IRA's tax credits include: considering credit eligible activities conducted by tax exempt organizations a payment of federal income tax that may be refunded; allowing tax exempt organizations to transfer the tax credit to a third party for a payment in cash; and entities that conduct clean energy, or other qualifying projects receiving additional credit for paying prevailing wage, subscribing to apprenticeship programs, including domestically produced content, or conducting the project in a community that is economically dependent on the fossil fuel industry. See U.S. Internal Revenue Service, *Elective Pay and Transferability*, <https://www.irs.gov/credits-deductions/elective-pay-and-transferability>; and *Credits and Deductions Under the Inflation Reduction Act of 2022*, <https://www.irs.gov/credits-and-deductions-under-the-inflation-reduction-act-of-2022>.
- ¹¹ Assumes that total New York tax returns remain the same at 8,591,030 over the life of the IRA tax credits and the percentage of filers claiming the credits remains the same producing \$374,063,000 in total tax credits. The EEHI tax credit is authorized through 2032, or 9 years in addition to the 2023 tax year. 9 times \$374,063,000 equals \$3.4 billion.
- ¹² Assume that total New York tax returns remain the same at 8,591,030 over the life of the IRA tax credits. The percentage of Vermont's 2023 tax returns claiming credits was 3.5 percent. If the share of New York filers equaled Vermont's, then 300,686 returns would claim the credits. California's average tax credit was \$4,095. 300,686 times \$4,095 equals \$1.2 billion. The EEHI tax credit is authorized through 2032, or 9 years in addition to the 2023 tax year. \$1.2 billion times 9 equals \$11.1 billion.
- ¹³ The Whitehouse, *Fact Sheet: Two Years In, the Inflation Reduction Act is Lowering Costs for Millions of Americans, Tackling the Climate Crisis, and Creating Jobs*, accessed January 23, 2025, <https://www.whitehouse.gov/briefing-room/statements-releases/2024/08/16/fact-sheet-two-years-in-the-inflation-reduction-act-is-lowering-costs-for-millions-of-americans-tackling-the-climate-crisis-and-creating-jobs>.
- ¹⁴ U.S. Internal Revenue Service, "Home Energy Tax Credits," last updated January 25, 2025, <https://www.irs.gov/credits-deductions/home-energy-tax-credits>.
- ¹⁵ See *Unleashing American Energy Executive Order*, January 20, 2025, available at: <https://www.whitehouse.gov/presidential-actions/2025/01/unleashing-american-energy/>
- ¹⁶ The list of actions to pay for reauthorization of the 2017 Tax Cuts and Jobs Act has been reported extensively in the media including in: Read: *Draft Options for G.O.P. Cost Cuts for Tax Bill*, *New York Times*, January 23, 2025, <https://www.nytimes.com/interactive/2025/01/23/us/politics/republican-tax-spending-cuts-options.html?searchResultPosition=3>.

Contact

Office of the New York State Comptroller
110 State Street
Albany, New York 12236

(518) 474-4044

www.osc.state.ny.us

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