



HOUSE COMMITTEE ON THE BUDGET
RANKING MEMBER BRENDAN F. BOYLE

THE INFLATION REDUCTION ACT ONE YEAR LATER

LOWER COSTS, CLEANER
COMMUNITIES, GREATER
OPPORTUNITY

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Democrats' successful enactment of landmark legislation including the American Rescue Plan, the Infrastructure Investment and Jobs Act, the CHIPS and Science Bill, and the Inflation Reduction Act saved lives and livelihoods, helped foster a world-leading and record-breaking economic recovery, and positioned America for long-term growth. These historic, pro-growth investments in America exemplify President Biden and Congressional Democrats' commitment to fiscal responsibility, combatting the climate crisis, and creating an economy that works for everyone.

With the help of investments included in the Inflation Reduction Act, communities across our nation are seeing revitalized infrastructure, more jobs, lower costs, and the benefits of an economic agenda that puts the middle-class first. Under President Biden, more than 13 million jobs have been created, the unemployment rate remains near historic lows, inflation has fallen significantly to just three percent, and the U.S. economy continues to enjoy stable and inclusive growth as wages rise.

Just one year after its passage, the Inflation Reduction Act is already tackling some of today's most pressing challenges — all while growing the middle class and reducing the deficit. From lowering health care costs and investing in workforce training programs, to reducing carbon pollution by 40 percent by 2030 and making our tax system more fair, here's how the Inflation Reduction Act is working for working families:

Lowers Costs for Families

For decades, the skyrocketing costs of basic necessities have left too many families struggling to make ends meet. Persistent supply chain issues and Russia's war in Ukraine caused a spike in household costs, exacerbating underlying disparities and undermining working families' economic security. Though inflation has fallen rapidly over the last year, major costs for families have been rising for years. With the Inflation Reduction Act, Congress delivered investments to reduce some of American households' biggest expenses — health care, prescription drugs, and energy — while also easing inflationary pressures. The law:

Expands affordable health care coverage to millions of Americans by extending the enhanced ACA premium tax credits enacted under the American Rescue Plan Act for three years, through 2025. Since the passage of the Inflation Reduction Act, the number of uninsured Americans has fallen to an all-time low of 7.7 percent. Nationwide, [nearly 15 million people](#) insured through the Affordable Care Act are saving an average of \$800 each year on their health care premiums and four in five of enrollees can now find coverage for [\\$10 or less per month](#).

Reduces drug costs by allowing Medicare to negotiate the best deal possible on high-priced drugs starting in 2026. Under this provision, negotiated prices will apply to expensive drugs with no generic competition, significantly reducing federal government spending and helping Americans save more on their necessary health care.

Institutes a new "inflation rebate" under Medicare to require drug companies to rebate back the difference to Medicare if they raise prices higher than the rate of inflation. From 2019 to 2020, half of all drugs covered by Medicare had price increases above the rate of inflation, and among those drugs with price increases above the rate of inflation, one-third had price increases of 7.5 percent or more.

Caps the price of insulin at \$35 per month for Medicare beneficiaries, lowering out-of-pocket costs by an average of [\\$500 each year for an estimated 1.5 million Medicare beneficiaries](#) who use insulin.

Caps out-of-pocket drug costs for Medicare beneficiaries at \$2,000 per year so that Americans never have to pay tens of thousands of dollars and risk bankruptcy as they battle devastating diagnoses like cancer. This and other cost-reducing policies are estimated to save [nearly 19 million Americans approximately \\$7.4 billion](#) annually on prescription drug costs starting in 2025.

Lowers energy costs for families for the long-term by providing [tax credits and rebates](#) to help Americans purchase more energy efficient appliances and home energy systems. These incentives lower costs now for energy-efficient appliances but also in the long-run by using greener — and cheaper — technologies to fuel our lives.

Makes Historic Investments to Tackle the Climate Crisis

Protecting our communities and strengthening our resilience in the face of worsening climate-related disasters is not only common sense — it's also good budgeting. The climate crisis is an existential threat that must be tackled immediately if we are to avoid the most catastrophic consequences. The Inflation Reduction Act is a victory for protecting our planet. It invests nearly \$400 billion in climate solutions and clean technologies to deliver the single greatest investment in combating the climate crisis in American history — all while lowering costs for American families, creating jobs here at home, advancing climate justice, and positioning the United States as the global leader in clean energy. The law:

Works to reduce carbon pollution by 40 percent by 2030 and accelerate the clean energy transition by incentivizing low-carbon technologies and lowering the cost of clean home energy systems and clean vehicles. It includes funding for grants, rebates, and loans to commercialize emerging clean energy technologies, reinvest in energy communities, support state and local climate pollution reduction plans, and reduce methane emissions and waste from oil and natural gas operations.

Protects our climate and Americans' pockets by reducing our dependency on foreign sources of energy and fossil fuels. It includes a tax credit for lower- and middle-income individuals to buy electric vehicles and provides \$1 billion to make affordable housing more energy efficient. Furthermore, it invests in innovative technologies and supports efforts to bring more environmentally friendly technologies to the market that will [help American families pay less](#) while reducing our carbon footprint.

Extends and expands clean energy tax credits and creates clean energy jobs by making investments to support clean energy production and manufacturing, improve energy efficiency, encourage vehicle electrification, and more. It includes a historic investment for onshore clean energy manufacturing in the United States so we can lead the globe in clean energy. Thanks to the Inflation Reduction Act, at least [170,000 new clean energy and manufacturing jobs and \\$278 billion in new investments](#) have been announced across the United States. It also includes production tax credits to accelerate U.S. manufacturing of solar panels, wind turbines, batteries, and critical mineral processing. These incentives will reduce carbon pollution and create good, well-paying jobs here at home, many of which do not require a college degree.

Advances climate justice by ensuring low-income and disadvantaged communities, Tribes, Native Hawaiians, and other communities that have historically been left behind all benefit from these investments. The climate crisis impacts all of us, so our solutions must reach all of us. The Inflation Reduction Act includes tens of billions of dollars in investments to support neighborhood equity, safety, and affordable transportation access, while spurring economic development for disadvantaged and underserved communities. For example, it appropriates \$27 billion for the Greenhouse Gas Reduction Fund, with an emphasis on helping enable low-income and disadvantaged communities to deploy zero-emission technology.

Ensures Fiscal Responsibility & Tax Fairness

According to a range of economic experts, the Inflation Reduction Act reduces the deficit and reduces inflation. The deficit reduction in the law comes primarily from tax policies that will raise revenue and level the playing field. The law ensures that the wealthiest Americans and the largest and most profitable companies pay their fair share. The Inflation Reduction Act does not increase taxes on middle-income families. The law:

Ensures large, profitable corporations pay their fair share so we can make historic investments in our families and our economic future. For example, the law requires companies that report over \$1 billion in profits to shareholders to pay at least a 15 percent tax rate on those gigantic profits. It is fundamentally unfair for large, highly profitable companies to pay nothing in federal taxes — as many have done in recent years — while working Americans pay their taxes with every paycheck. The Inflation Reduction Act also imposes a 1 percent excise tax on publicly traded U.S. corporations for the value of their stock buybacks, which enrich corporations' shareholders rather than invest in their companies or workers.

Makes critical investments to close the more than \$7 trillion projected 10-year tax gap that is largely a product of tax evasion by the wealthy. The law ensures the wealthy pay the taxes they owe by strengthening the IRS's ability to audit those with the highest incomes. This investment will not only help build a more equitable tax system, but also help close the tax gap and generate savings to pay for historic investments.

This document has not been reviewed and approved by the Democratic Caucus of the Budget Committee and may not necessarily reflect the views of all members.



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