



NEW MEXICO IRA CONSUMER GUIDE

\$369 BILLION FOR CLIMATE AND ENERGY PROGRAMS

The Inflation Reduction Act (IRA) was signed by President Biden in August 2022. Its goals were fighting inflation, investing in domestic energy production and manufacturing, and reducing carbon emissions by roughly 40 percent by 2030. The IRA also allowed Medicare to negotiate prescription drug prices and extended a broadened Affordable Care Act program for three years, through 2025. In one year, the IRA has created 170,000 jobs and supported tens of billions of dollars of private investment in clean energy projects. The following is a summary of key consumer-oriented programs.

30D CLEAN VEHICLE CREDIT - ELECTRIC VEHICLES

<https://www.electrificationcoalition.org/work/federal-ev-policy/inflation-reduction-act/>

IF YOU ARE BUYING A NEW EV

CREDIT

- Light-duty electric vehicle tax credit of up to \$7,500/vehicle extended to 2032
- Don't need to claim as tax credit anymore, can directly apply to purchase (starts 2024)

RESTRICTIONS

- Before there was a cap of 200,000 vehicles per automaker as many had reached like Tesla and GM (but this ends in 2023)
- All Electric Vehicles need to be assembled in North America (new immediate rule)
 - » Find here: <https://www.irs.gov/credits-deductions/manufacturers-and-models-for-new-qualified-clean-vehicles-purchased-in-2023-or-after>
 - » If you entered into a written binding contract to purchase a new qualifying electric vehicle before August 16, 2022, but do not take possession of the vehicle until on or after August 16, 2022 (for example, because the vehicle has not been delivered), you may claim the EV credit based on the rules that were in effect before August 16, 2022. The final assembly requirement does not apply before August 16, 2022.
- As of April 18, 2023 caps value of new sedans eligible for the credit at \$55,000 and trucks/SUVs at \$80,000 (starting in 2023)
- EVs will also need to meet both the critical mineral and battery component requirements to qualify for the maximum available credit (as soon as IRS guidance is complete, and no later than December 31, 2022)
 - » EVs meeting the critical mineral requirement eligible for a \$3,750 tax credit.
 - » EVs meeting the battery component requirement eligible for additional \$3,750 tax credit.
- Qualifying EVs must meet the foreign entities of concern requirement:
 - » Starting in 2024, vehicles cannot have any battery components sourced from a foreign entity of concern, which includes China.
 - » Starting in 2025, EV batteries cannot have any critical minerals sourced from a foreign entity of concern, which includes China.
 - » Percentage of the minerals that go into that battery to be mined domestically or in countries with a free-trade agreement with the U.S.

ELIGIBILITY - DON'T QUALIFY IF... (STARTING IN 2023)

Individuals making more than
\$150,000 A YEAR

Head of household is capped at
\$225,000 A YEAR

Couples making more than
\$300,000 ANNUALLY

SUMMARY OF 30D PROVISIONS

YEAR	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
200,000 per automaker cap	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗
MSRP cap	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Income cap	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Tax credit as rebate	✗	✓	✓	✓	✓	✓	✓	✓	✓	✓
Final Assembly in North America	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Critical mineral % of value requirement (\$3,750 tax credit)	40%	50%	60%	70%	80%	80%	80%	80%	80%	80%
Critical minerals foreign entities of concern rule	-	-	✓	✓	✓	✓	✓	✓	✓	✓
Battery component % of value requirement (\$3,750 tax credit)	50%	60%	60%	70%	80%	90%	100%	100%	100%	100%
Battery component foreign entities of concern rule	-	✓	✓	✓	✓	✓	✓	✓	✓	✓
Maximum tax credit	\$7500	\$7500	\$7500	\$7500	\$7500	\$7500	\$7500	\$7500	\$7500	\$7500

IF YOU ARE BUYING A USED EV

Previously: Never before were able to get federal tax credits

CREDIT

- Now can get a tax credit of \$4,000 or 30% of the vehicle's value (whichever is lower)
- You don't need to claim the credit on taxes anymore, you can directly apply to purchase (starts 2024)

RESTRICTIONS

- Sale price must be less than \$25,000
- Must be at least two years old
- Can only qualify once for the subsidy
- Qualifying vehicle must also be propelled to a significant extent by an electric motor that draws electricity from a battery, which has a capacity of not less than 7 kWh, and is capable of being recharged from an external source of electricity

IF BUYING CHARGING SUPPLIES OR EQUIPMENT

Previously: Same law but since expired December 31, 2021, now expiring in 2032

CREDIT

- Essentially, if you install a home EV charging station, the tax credit is 30% of the cost of hardware and installation, up to \$1,000
- Can also apply to other EV charging equipment like bidirectional (i.e., two-way) chargers (starting in 2023)
- Businesses that install new EV chargers or EV charging equipment can also benefit from a tax incentive of up to 30% of the total cost of equipment and installation. But they will have to meet certain labor and construction requirements to be eligible to claim the full incentive (before the limit was 30,000 but after 2022 will be 100,000)



HIGH-EFFICIENCY ELECTRIC HOME REBATE (HEEHR) PROGRAM = NEW \$4.275 BILLION PROGRAM

<https://www.edf.org/article/8-ways-inflation-reduction-act-can-save-you-money>

ELECTRIFICATION REBATES

THIS IS A NEW PROGRAM

- **General Info:** \$4.5 billion over 10 years for state and tribal programs that are intended to deeply discount or fully fund electrification and efficiency projects or electrical appliances for low- and moderate-income households.
- **Who manages it:** The State Energy Office will be responsible for setting up your state's HEEHR program
- **When will it start:** Incentives apply to equipment installed on January 1, 2023, or later
- **When will it become available:** It's expected to take between 12 and 24 months for this funding to be available through your state

ELIGIBILITY

- **Qualifying households:** Individuals or families whose annual incomes are less than 80 percent of the area median or not greater than 150 percent of the median.
- **Coverage:** The lowest-income households are eligible for point-of-sale rebates covering the full cost of certain electrical appliances or efficiency projects. Moderate-income individuals and families can get rebates for up to 50% of costs.
- **Cumulative rebates available to each household total \$14,000.**
- <https://www.rewiringamerica.org/app/ira-calculator>

UP TO

<p>\$8,000 available for purchasing space heating and cooling electric heat pumps</p>	<p>\$1,750 for electric heat pump water heaters</p>	<p>\$840 for electric stoves, cooktops, ranges, or ovens</p>
<p>\$840 for electric heat pump dryers (energy-efficient alternative to traditional dryers)</p>	<p>Cover half or all the cost of upgrading electric panels up to a \$4,000 LIMIT</p>	<p>\$2,500 for electrical work/ upgraded electrical wiring</p>
<p>\$1,600 for insulation projects that improve insulation/seal energy leaks</p>	<p>Rebate for households with moderate incomes covers 50% OF THESE COSTS</p>	<p>\$4,000 for an upgraded breaker box aka an electric panel upgrade (to help prepare for an all-electric home)</p>

THE HOMES REBATE PROGRAM = BRAND-NEW \$4.3 BILLION PROGRAM

*You cannot participate in both the HEEHR and HOMES programs.

- **General Info:** Homeowners that make changes that cut their energy usage by at least 35% can get up to \$4,000 in rebates. That amount is doubled for low- and middle-income households, who can get up to \$8,000 in rebates.
- **Eligibility:** Unlike the HEEHR program, the incentives available through the HOMES program aren't restricted by income and are based on the actual performance of your whole-home energy efficiency and electrification improvements.
- **Who does it go to:** paid to contractors, installers, or home performance companies.
- **When will it become available:** takes between 12 to 24 months for this funding to be available through your state.

Tax credits are different from rebates because consumers receive them when they file their taxes. Rebates, on the other hand, are often applied when someone buys an item.

25C ENERGY EFFICIENCY HOME IMPROVEMENT TAX CREDIT = AROUND FOR A WHILE, BUT CHANGED NOW

PREVIOUSLY:

Originally, limited to 10% of your project costs but IRA increased it to up to 30%

CREDIT

- Your tax credit will cap at \$2,000 annually.
- Only available to offset your tax liability. That means you'll only be able to claim it if you owe some money back in taxes.
- Previously available but it was a lifetime credit, meaning you could claim it only once. But the IRA makes the credit an annual incentive.

TIMELINE

- Will go into effect in 2023. If you install a home energy efficiency project in 2023, you may be eligible to claim the credit when you file your taxes in 2024.
- If already installed a home upgrade in 2022, there are still tax incentives available, up to \$500.



TWO TYPES

WEATHERIZATION INSTALLS

\$1,200 for weatherization installs and qualified energy-efficiency upgrades

- **General Info:** Each year for the next decade, consumers can claim a tax credit that makes their home less drafty or improves the energy efficiency of the devices within it. Sets tax credit for 30% of the cost of qualified projects up to \$1,200..
- **Limits:**

<p>\$150 for a home energy audit</p>	<p>\$500 for exterior doors</p>	<p>\$600 for new energy-efficient exterior windows or skylights</p>	<p>UP TO \$600 for highly efficient central air conditioners; electric panel upgrades; and water heaters, furnaces, and water boilers that run on natural gas, propane, or oil.</p>
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- **Eligibility:**The law says they have to “meet or exceed the highest efficiency tier” of the Consortium for Energy Efficiency, a nonprofit standard-setting group. That means the appliances generally must be more efficient than Energy Star-certified products.

HEAT PUMPS AND WOOD BURNING STOVES

\$2,000 for electric and gas heat pumps and heat pump water heaters, biomass stoves, and boilers

- **General Info:** To purchase an energy-efficient electric or gas-powered heat pump for space heating and cooling, heat pump water heater, high-rated stoves, and boilers (generate heat from burning wood or other biomass feedstocks). Sets 30% tax credits up to \$2,000.
 - » FYI: Credits for heat pumps or biomass stoves and boilers don't count against the \$1,200 annual limit for the home energy efficiency tax credit detailed in the previous section.
- **Example:** Electric heat pumps for heating and cooling can cost more than \$20,000 to purchase and install. Electric heat pump water heaters generally cost less than \$4,000.



25D RESIDENTIAL CLEAN ENERGY TAX CREDIT

SOLAR, BATTERIES, AND GEOTHERMALS

- **General Info:** The tax credit for solar power and geothermal heating projects that came online this year was limited to 26% of their cost. That benefit was also set to fall to 22% in the next few years. But the new law immediately bumped the tax credit to 30%, where it will stay over the next decade before ramping down (also it's retroactive to the beginning of 2022).
- **Qualifications:** Home battery units with more than 3 kilowatt-hours of storage capacity

OTHER

FUNDS FOR FARMERS

Farmers interested in the money can go to their local Natural Resource Conservation Service office to apply, just as they would for existing federal programs.

The Inflation Reduction Act pumps that money into preexisting agricultural programs that aim to promote environmental stewardship and conservation. \$20 billion made available to farmers.

- EQIP will receive \$8.5 billion under the Inflation Reduction Act, the most of any agricultural program. Farmers can receive federal funding to plant cover crops, add trees that form windbreaks along their fields, and restore wetlands and riparian areas. All these things could help reduce emissions,
- The Regional Conservation Partnership Program got \$4.95 billion to support its efforts to provide money to groups of farmers working together on conservation projects.
- The Conservation Stewardship Program received \$3 billion for its initiatives to provide financial incentives for everything from habitat restoration to water management.
- Agricultural Conservation Easement Program got \$1.4 billion to protect farmland threatened by sprawl.

NEW MEXICO SPECIFICS

These are just some of the benefits New Mexico will receive from the IRA and other Biden administration climate, infrastructure, and just transition funding.

- Supporting an estimated **\$15 billion** of investment in large-scale clean power generation and storage in New Mexico between now and 2030 that will create jobs across solar, wind, storage, and other clean energy industries
- **\$88 million** for consumer home energy rebate programs to make homes more energy efficient, upgrade electric appliances, and cut energy costs
- **\$35 million** to build an electric vehicle (EV) charging system along New Mexico interstates, supporting the state's advanced clean cars and trucks rules, which will lead to cleaner air, healthier communities, more clean energy jobs, and long-term savings for EV owners
- IRA incentives have supported: Arcosa Wind Towers (Belen) - **\$1 Billion** contract with GE; Maxeon Solar (Mesa del Sol, south of Albuquerque) - **\$1 billion** investment to build the largest solar panel production facility in America; ABB (Albuquerque's West Side) - **\$40 million** investment to build a new manufacturing facility for cables used for electric grid expansion; GeoBrugg (Sandoval County) - **\$8.3 million** to expand, including its sister company, eConnect, which makes fast-charging electric vehicle charging stations
- Eligibility for nearly **\$70 million** to mitigate abandoned oil and gas wells and mines around the state, providing jobs, cutting climate pollution, and improving air quality
- **\$4 million** to create climate action plans for critical greenhouse gas emissions reduction projects, which will be funded with additional federal implementation money; the State of New Mexico and the City of Albuquerque both submitted applications to participate in the Climate Pollution Reduction Grant program (CPRG)
- The Justice40 Initiative calls for 40% of federal investments from IRA flow directly to low-income and historically impacted communities. Albuquerque Mayor Tim Keller signed an executive order establishing the City's **Justice40 Oversight Coordinating Committee**, the first of its kind in the nation
- Supports for **climate-smart agriculture practices**, which will help New Mexico's 24,700 farms lead on climate solutions and reward their stewardship. Electric cooperatives, which serve about 210,000 homes, businesses, and other customers in New Mexico, will for the first time be eligible for direct-pay clean energy tax credits



CONSERVATION VOTERS NEW MEXICO

Conservation Voters New Mexico is a statewide, nonpartisan nonprofit committed to connecting the people of New Mexico to their political power to protect our air, land and water for a healthy Land of Enchantment. We do this by mobilizing voters, winning elections, holding elected officials accountable and advancing responsible public policies.

Our vision is for New Mexicans to thrive in just, resilient communities where our conservation and cultural values guide our decision-makers and public policies.

CVNM EDUCATION FUND

Conservation Voters New Mexico Education Fund is an organization separate from the Conservation Voters New Mexico (CVNM), with its own mission, programs and board of directors.

CVNM Education Fund was created in 1999 to engage the people of New Mexico in our long-standing shared values of protecting our air, land, water and the health of our communities. We do this by mobilizing people to advocate on policy, enhancing the voting process, encouraging people to vote, cultivating conservation leaders and amplifying the voices of those most affected.

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