



Daytona Regional CHAMBER OF COMMERCE



ADVOCACY IN ACTION

08/23/2022

Inflation Reduction Act

President Joe Biden signed the \$740 billion Inflation Reduction Act (IRA) on Tuesday after it passed the House and Senate on strict party lines. So what's in the "Inflation Reduction Act, and why didn't it receive bipartisan support? As most Americans are feeling the 40-year high inflation, why didn't any Republicans support a bill that would reduce inflation? Simply, it's because the bill will not reduce inflation. According to the University of Pennsylvania's Wharton School of Business-

"The Act would have no meaningful effect on inflation in the near term but would reduce inflation by around 0.1 percentage points by the middle of the first decade. These point estimates, however, are not statistically different from zero, indicating a low level of confidence that the legislation would have any measurable impact on inflation."

Furthermore, the same budget model showed that the Act would slightly reduce GDP in its first decade while slightly increasing GDP by 2050.

Inflation Reduction Act

The Inflation Reduction Act legislation will also include \$80 billion to fund 87,000 new IRS employees. President Biden ensured taxpayers and small businesses earning less than \$400,000 would not be targeted with increased audits. The nonpartisan Congressional Budget Office confirmed that at least \$20 billion of the projected \$124 billion in new revenue would be collected from middle-class Americans. And according to Republicans on the House Ways and Means Committee, the new IRS agents will have the capacity to serve 1.2 million audits per year, with half of those targeting Americans earning less than \$75,000.

The Inflation Reduction Act will also tax companies \$195 billion over the next ten years. The IRA will impose a 15 % book minimum tax with differing effects across industries. Although the IRA does not alter the corporate tax rate, companies are expected to see an average effective rate rise by 18.7% to 19.2%, with agriculture and utilities seeing rate increases from 14.7% to 23.3%.

The Inflation Reduction Act will also expand the Affordable Care Act, impose a new 1% tax on corporate stock buyback, and extends noncorporate losses limitations, prescription drug price reform, and climate and green energy tax rebates.

Inflation Reduction Act

The Inflation Reduction Act is being dubbed by many as the most significant climate legislation in U.S. history, with \$370 billion for energy and climate initiatives. The legislation includes the following:

- \$8.6 billion for state energy offices to help consumers make energy-efficiency upgrades to their homes through rebate programs.
- \$7 billion for states, municipalities, and tribal governments to deploy clean-energy technologies and cut emissions in disadvantaged communities through a Greenhouse Gas Reduction Fund, commonly referred to as a green bank.
- \$5 billion for states, municipalities, and tribal governments to develop and implement plans to curb emissions through Climate Pollution Reduction Grants.
- \$2.2 billion for state and private forestry conservation programs to promote natural carbon sequestration, including by planting trees.
- \$1 billion for state and local governments to adopt building energy codes, including \$670 million for net-zero energy codes.
- \$5 million for states to adopt more stringent tailpipe emissions standards for cars and light trucks.

Alfredo Ortiz, president, and CEO of Job Creators Network said, "The law significantly raises taxes on job creators, including small businesses..." He added, "It breaks the cardinal economic rule: Never raise taxes during a recession."

The U.S. Chamber of Commerce, The Florida Chamber of Commerce, and The Daytona Regional Chamber of Commerce all opposed the passing of the Inflation Reduction Act.