



**THE CLIMATE TEST:
THE BUILD BACK BETTER ACT MUST PUT US ON
A CLEAR PATH TO CUTTING POLLUTION IN HALF BY 2030**

Cutting pollution in half by 2030 is the key to tackling climate change, creating good paying jobs, reducing costs and building a more equitable clean energy economy.

The Climate Test: The Build Back Better Act must put us on a clear path to cutting climate pollution in half by 2030.

Scientists and experts agree the only way we truly will slow the effects of climate change is to make it a national mission to cut climate pollution in half by 2030. It's up to Congress to pass the test. Congress can tackle climate change, create good paying jobs in clean energy, reduce costs for families, and build a more equitable clean energy economy by passing a budget that meets the Climate Test.

The climate investments included in the Build Back Better Act put us on a clear path to cut climate pollution in half by 2030 by creating new clean energy tax incentives, transforming our power sector to achieve 100% clean electricity and investing in communities too often left behind. Anything less fails the Climate Test that science and this moment demand. If we don't act now, communities will face even more devastating and extreme droughts, fires, hurricanes, flooding and storms.

Passing the Climate Test means Congress will create millions of good-paying, clean energy jobs that American workers can raise their families on and that keep their children and grandchildren safe from climate change. Jobs for electricians, pipefitters, roofers, welders, as well as teachers, programmers and engineers. Jobs in big cities and small towns, in our suburbs and rural communities – jobs for all kinds of people with all kinds of skills and most of the jobs won't require a college degree.

Here is what Congress needs to do for the Build Back Better Act to meet the Climate Test:

- 1. Clean Energy Tax Credits:** Tax credits for clean electricity, vehicles, new technology and manufacturing will create jobs, jumpstart new businesses, help working families afford electric vehicles and more efficient appliances, and lower energy costs. The clean energy tax credits are key to cutting the pollution that is making extreme weather even worse.
 - **Clean Electricity Tax Incentives:** ten years of full-value, flexible, direct pay tax credits to developers to build new renewable electricity projects like solar and wind across the country relying on high quality jobs and domestic supply chains. **(Latest scoring estimates: approximately \$191-\$265 billion; estimated emissions reductions in 2030: ~4-5 percent of 2005 levels.)**
 - **Clean Vehicles Tax Credits:** refundable tax credits to car-buyers at the time of purchase of new and used electric cars and trucks, promoting domestic production and high-quality unionized labor. **(Latest scoring estimates: approximately \$37-120 billion; estimated emissions reductions in 2030: ~3 percent of 2005 levels.)**
 - **Emerging and Enabling Technologies:** tax incentives for transmission, energy storage, clean fuels, sustainable aviation fuel, green hydrogen, direct air capture, and advanced energy manufacturing investment. **(Latest scoring estimates: approximately \$37-49 billion for the subset included in the Clean Energy for America Act; estimated emissions reductions in 2030: ~1 percent of 2005 levels.)**
 - **Clean Manufacturing:** new tax credits for the manufacture of critical solar and wind components and advanced batteries, new investments in automotive manufacturing facilities, and support for cleaning up industrial processes to ensure the competitiveness of American industry in the emerging global clean energy economy.
- 2. Clean Energy Investments:** Through incentives for clean energy, Congress can transform our power sector to 100% clean electricity, reduce energy costs for families and lower carbon pollution.
 - **Clean Electricity Payment Program:** a combination of payments and penalties for utilities that will drive the sector to 80 percent clean electricity by 2030, while helping protect customers. **(Minimum need: \$150 billion; estimated emissions reductions in 2030: ~4-5 percent of 2005 levels.)**

- **Efficient, Electric Homes:** rebates for the installation of highly efficient electric appliances through the Zero Emission Homes Act and grants for workforce development and energy efficiency upgrades through the HOPE for HOMES Act, each with additional support for low- and moderate- income households to cut energy costs and improve indoor air quality. **(Minimum need: \$20 billion; estimated emissions reductions in 2030: ~1 percent of 2005 levels).**
 - **Rural Electric Coops:** forgiving federal debt owed by rural electric cooperatives for stranded investments in retiring coal plants to allow all communities to transition to renewable electricity. **(Minimum need: \$10 billion; estimated emissions reductions in 2030: ~0.6 percent of 2005 levels.)**
- 3. Make Polluters Pay:** In addition to investing in our clean energy future, it is critical that oil, gas and coal companies are held responsible for polluting our communities, air and water.
- **Methane Fee:** a fee on the oil and gas industry for the carbon pollution they flare, vent, and leak during extraction. **(Not yet scored but may raise approximately \$10-20 billion; estimated emissions reductions in 2030: ~2 percent of 2005 levels.)**
 - **End Fossil Fuel Subsidies:** putting an end to tax code loopholes and subsidies for the promotion of fossil fuels after decades of harmful support. **(Latest scoring estimates: raises \$25-35 billion; estimated emissions reductions in 2030: ~0.8 percent of 2005 levels.)**
- 4. Disadvantaged Community Investments:** as part of President Biden's Justice 40 initiative, investments in the health, economic vitality and workforce of communities that have long borne the brunt of fossil fuel pollution or whose economies are transitioning from extractive industries is critical, including through a Civilian Climate Corps, Environmental Justice Block Grants, Healthy Ports, Reconnecting Communities, implementation of the National Environmental Protection Act, transition programs through Economic Development Administration and Appalachian Regional Commission, affordable housing, clean water, and more including:
- **Clean Energy Sustainability Accelerator:** a green investment fund with a focus on deployment of clean energy with 40 percent of investments targeted to disadvantaged communities. **(Recommended funding: \$27 billion; estimated emissions reductions in 2030: ~0.6 percent of 2005 levels.)**
- 5. Agriculture and Conservation:** investment in the conservation and stewardship of forests and critical conservation programs at the U.S. Department of Agriculture and U.S. Department of the Interior to reduce emissions and grow natural carbon sinks; and reversing the rush to drill the Arctic Refuge at a loss to taxpayers and the planet **(minimum need: \$80 billion for Agriculture, \$15 billion for Interior; estimated emissions reductions in 2030: ~1-2 percent of 2005 levels);** projects like wetlands restoration and marine debris removal lock away carbon in natural ecosystems, benefit fisheries and wildlife, and improve communities' resilience to increasing climate disasters **(minimum need: \$10 billion; estimated emissions reductions in 2030: ~0.3 percent of 2005 levels).**

A note on the emissions estimates presented above: On August 25, Majority Leader Schumer compiled the best available projections to estimate that these planned investments would cut U.S. greenhouse gas emissions to as low as 45 percent below 2005 levels by 2030, which with anticipated regulatory action is consistent with President Biden’s science-based goal of 50 to 52 percent below 2005 levels by 2030. The share of emissions reductions attributable to each policy category was reported in a [pie chart](#) totaling 100%. For the purposes of this memo, the percentages in the pie chart have been translated to a share of economy-wide U.S. greenhouse gas emissions at 2005 levels such that they sum to a further 22 percent reduction; as emissions in 2030 are projected under business as usual to be 23 percent below 2005 levels, these further reductions bring total emissions to 45 percent below 2005 levels. For the purposes of this memo, the pie chart’s category for electricity sector reductions is split evenly between the clean electricity tax credits and the clean electricity payment program, though the two programs will work together. Note that a bit more than 1 percent of 2005 levels are attributed in the pie chart to categories of investment that were primarily provided by the Infrastructure Investment and Jobs Act, and are not delineated in the text of this memo.

