



NATIONAL ASPHALT
PAVEMENT ASSOCIATION

Key Asphalt-Related Provisions in the Inflation Reduction Act

[The Inflation Reduction Act \(IRA\)](#) draws from the original \$2 trillion [Build Back Better proposal](#) advanced by President Biden and passed by the House of Representatives last November. When Senator Joe Manchin (D-WV) announced that he would not support Build Back Better, it was thought the proposal was dead in a 50-50 Senate. However, negotiations quietly continued resulting in a modified Build Back Better bill, H.R. 5376, that ultimately enjoyed the support of all 50 Democrats in the Senate. Vice President Kamala Harris cast the deciding [vote on August 7, 2022](#), sending H.R. 5376 back to the U.S. House of Representatives.

Five days later, H.R. 5376, as approved by the Senate, passed the House of Representatives on a party line [vote of 220-207](#). President Joe Biden signed the legislation into Public Law on August 16, 2022. The final revised bill spends about \$437 billion on climate, health subsidies and drought relief while raising about \$740 billion in revenue over ten years. Following enactment of the legislation, Federal agencies will be ramping up staff and issue more detailed guidance on the new law.

IRA is significant legislation addressing deficit reduction, health care, taxes, environmental justice, and domestic energy production. For asphalt producers and suppliers, the biggest impact will be felt from the provisions dealing with climate change. IRA takes a carrot-versus-stick approach to addressing greenhouse gas emissions. IRA does not tax carbon or establish penalties for exceeding targets. Rather, IRA take the approach of investing in low-carbon technologies through grants and incentives.

NAPA's government affairs and engineering teams have thoroughly reviewed the legislation as approved by the U.S. Senate and highlights the following climate change sections that would be potentially important to the asphalt pavement industry.

Section 60112, Environmental Product Declaration Assistance

Amount: \$250 million to remain available until September 30, 2031.

Agency: Environmental Protection Agency (EPA)

Purpose: To support the development, enhanced standardization and transparency, and reporting criteria for EPDs that include measurements of the embodied greenhouse gas emissions of the material or product associated with all relevant stages of production, use, and disposal, and conform with international standards for construction materials. Grants will also be used to developing and verifying EPD's and providing technical assistance.

Eligible Recipients: Businesses that manufacture construction materials and products, states, and nonprofit organizations.

Section 60116, Low-Embodied Carbon Labeling for Construction Materials

Amount: \$100 million to remain available until September 30, 2026.

Agency: Environmental Protection Agency in consultation with the Federal Highway Administration (transportation projects) and the General Service Administration (buildings).

Purpose: To identify and label construction materials and products that have a substantially lower levels of embodied greenhouse gas emissions associated with all relevant stages of production, use, and disposal, as compared to estimated industry averages of similar materials or products as determined by EPA based on EPDs, or as verified by State agencies as verified by EPA.

Eligibility: EPA for administrative costs

Section 60503, Use of Low-Carbon Materials

Amount: \$2.15 billion to remain available until September 30, 2026.

Agency: General Services Administration (GSA) [Federal Building Fund](#).

Purpose: To procure and install materials and products used in construction or alteration of buildings under the jurisdiction of GSA that have substantially lower levels of embodied greenhouse gas emissions associated with all relevant states of production, use, and disposal as compared to estimated industry averages of similar materials or products, as determined by EPA.

Eligibility: GSA Contractors

Section 60504, General Services Administration Emerging Technologies

Amount: \$975 million to remain available until September 30, 2026.

Agency: General Services Administration Federal Building Fund.

Purpose: For emerging and sustainable technologies and related sustainability and environmental programs.

Eligibility: GSA Contractors

Section 60506, Low-Carbon Transportation Materials Grants

Amount: \$2 billion to remain available until September 30, 2026.

Agency: Federal Highway Administration

Purpose: To reimburse or provide incentives for the use, in projects, of construction materials and products that have substantially lower levels of embodied greenhouse gas emissions associated with all relevant stages of production, use, and disposal as compared to estimated industry averages of similar materials or products, as determined by the EPA.

The amount of reimbursement shall be equal to the incrementally higher cost of using such materials relative to the cost of using traditional materials. The incentive amount shall be equal to 2 percent of the cost of using low-embodied carbon construction materials and products. The total federal payable share of a project for which a reimbursement or incentive is provided shall be up to 100 percent.

Eligible Projects: Projects on a Federal-aid highway, tribal transportation facility, Federal lands transportation facility, or Federal lands access transportation facility. Funds cannot be used for projects that result in through travel lanes for single occupant vehicles.

Eligible Materials: FHWA shall use the low-embodied construction materials and products identified by EPA and select from that list materials and products appropriate to use in projects eligible for reimbursement or incentives.

Eligible Recipients: States, local governments, political subdivision, territory, or Metropolitan Planning Organization

Section 50161, Advanced Industrial Facilities Deployment Program

Amount: \$5.812 billion to remain available through September 30, 2026.

Agency: Department of Energy's (DOE) [Office of Clean Energy Demonstration \(OCED\)](#)

Purpose: To award grants on a competitive basis for projects designed to accelerate greenhouse gas emissions reduction progress to net-zero at eligible facilities that (1) purchase, install or implement advanced industrial technologies or (2) retrofits, upgrades, or operational improvements at an eligible facility, or (3) engineering studies and other work need to prepare the facility for such a project.

The grant may be up to 50 percent of the cost of the project.

The DOE shall give priority for projects on the basis of expected greenhouse gas emissions reductions to be achieved, the extent to which the project would provide the greatest benefit for the greatest number of people within the area, and whether the eligible entity participates or would participate in a partnership with purchasers of the output of the eligible facility.

Eligible entities: owner or operator of a domestic, non-Federal, nonpower industrial or manufacturing facility engaged in energy-intensive industrial processes as determined by DOE.

Section 70006, FEMA Build Materials Program

Amount: Existing Budget, No New Funding

Agency: Federal Emergency Management Agency (FEMA)

Purpose: To provide financial assistance for the cost of using low-carbon materials and incentives that encourage low-carbon and net-zero projects.

Eligible Recipients: A state, territory, tribe, local government, or private nonprofit organization.

Next Steps

Federal funding for developing and procuring low-embodied carbon of construction materials as provided for in IRA is both significant and unprecedented. IRA provides the industry with an opportunity to accelerate emissions reduction initiatives by individual member companies as well as support industry wide initiatives such as [The Road Forward](#). This legislation will be a major topic of discussion during NAPA's committee meetings.

Once H.R. 5376 is signed into Public Law, the implementation phase will officially begin. The next step for agencies will be to meet with stakeholders, issue guidance and rules, and publish notices of funding opportunities (NOFOs) on these new programs. NAPA will engage with Federal agencies during implementation of IRA. Specifically, NAPA will leverage and expand existing agency and Congressional relationships to ensure the asphalt industry has a seat at the table during this important phase of implementing IRA.

Additional Resources

Final Text of the Inflation Reduction Act (IRA):

<https://www.congress.gov/117/bills/hr5376/BILLS-117hr5376eas.pdf>

Senate Democrats Summary of IRA and other information:

<https://www.democrats.senate.gov/inflation-reduction-act-of-2022>

Senate Environment and Public Works summary of IRA provisions and other information:

<https://www.epw.senate.gov/public/index.cfm?p=inflation-reduction-act-of-2022>

Senate Energy and Natural Resources summary of (IRA) provisions and other information:

<https://www.energy.senate.gov/2021/8/senate-passes-manchin-s-bipartisan-infrastructure-bill>

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