New U.S. Department of the Treasury Analysis Continues to Show Inflation Reduction Act Achieving Key Goal of Driving Investment to Rural, Underserved Communities

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Investments concentrated in communities with lower wages, lower employment rates, and lower college graduation rates

WASHINGTON – Today, ahead of U.S. Secretary of the Treasury Janet L. Yellen's visit to Advanced Nano Products in Elizabethtown, Kentucky, the U.S. Department of the Treasury published new analysis on the impact of the Inflation Reduction Act in continuing to drive clean energy investment to communities that have been underserved and at the forefront of fossil fuel production.

The new report builds on previous Treasury Department analysis and includes the latest announcements about clean investment projects, from the third and fourth quarters of 2023. In the new data, Treasury economists continue to observe that since the Inflation Reduction Act passed, announced investments in sectors of the economy targeted by the law continue to be especially large in energy communities—communities historically dependent on fossil energy jobs and tax revenues, including areas with closed coal mines or coal-fired power plants, as well as communities that have significant employment or local tax revenues from fossil fuels and higher than average unemployment. This new batch of data suggests the Inflation Reduction Act is achieving its goal of revitalizing communities at the forefront of fossil fuel production, where potential exists but opportunity has been scarce.

Assistant Secretary for Economic Policy (P.D.O.) Eric Van Nostrand and Matthew Ashenfarb **write, "After the IRA passed, those numbers ballooned to nearly $4.5 billion per month in Energy Communities and to $3.5 billion in the rest of the U.S., constituting increases of $2.4 billion per month in Energy Communities and a $1 billion per month in the rest of the U.S. Clean investment announcements are growing throughout the U.S., with especially strong growth in Energy Communities."** They continue, **"Before the IRA, 68% of announced investments in clean technologies were in counties with median incomes below the U.S. aggregate median income. After the IRA, 75% of announced clean**

investments have been in counties with median incomes below the U.S. aggregate median."

Treasury's analysis continues to show that investments in the clean energy economy are disproportionately benefitting communities that need initial public investment to unlock private capital and untapped opportunities. This strategy of providing tax credits for investments in those places, is a prime example of what Secretary Yellen calls "modern supply-side economics," because investments in communities like these have the highest "bang for the buck."

Full text of the analysis is available here.

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