



TAX REFORM AND HIGHER EDUCATION

WHAT STUDENTS, FAMILIES, AND INSTITUTIONS NEED TO KNOW

Talking Points: Inflation Reduction Act

The Inflation Reduction Act (IRA) provides opportunities for institutions of higher education to use an array of tax credits to advance their campus climate initiatives and investments.

- Colleges and universities play a crucial yet underappreciated role in tackling climate change.
- Portions of the IRA have helped unlock the higher education sector's ability to respond to climate change, bolster their campuses, and strengthen their communities.
- The IRA enables colleges and universities to benefit from a variety of credits, relating to electric vehicles, clean energy, efficient building, infrastructure upgrades, carbon sequestration, and more.
 - Several provisions in the IRA target climate change mitigation and adaptation efforts, within institutions of higher education and in surrounding communities.
- The elimination of these policies would make our nation less resilient and take away vital resources available to institutions.

The IRA and its elective pay provision provide new and helpful incentives to improve the sustainability of college campuses.

- Elective pay (also known as “direct pay”) is a feature of the IRA that allows tax-exempt organizations like colleges and universities to receive a direct refund payment from the IRS for investing in an array of renewable energy technologies, including solar, wind, geothermal, energy storage, infrastructure upgrades, and electric vehicles.
- Colleges and universities can use elective pay to lower the upfront cost of purchasing qualified commercial clean vehicles, reducing their transportation costs, energy usage, and carbon impact.
- Colleges and universities located in low-income and rural areas can also use elective pay to help fund alternative fuel vehicle refueling property, such as charging stations for electric vehicles.

Institutions of higher education play a vital role in addressing climate change and advancing sustainability and have long been committed to helping build sustainable, resilient communities.

- Colleges and universities are committed to helping build a clean economy, drive climate innovation, and promote a more sustainable and resilient society.
- Colleges and universities were early leaders in promoting green infrastructure when about 800 institutions signed the American College and University Presidents' Climate Commitment between 2007 and 2011.