



# 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.
- The IRA has helped unlock higher education's ability to respond to climate change, bolster their campuses, and strengthen their communities.
- The IRA enables colleges and universities and their students to access a variety of credits for electric vehicles, clean energy, energy-efficient buildings, infrastructure upgrades, carbon sequestration, and more.
  - Several IRA provisions target climate change mitigation and adaptation efforts within higher education institutions and in surrounding communities.
  - IRA tax credits provide vital tools for colleges and universities to modernize infrastructure and transportation systems and reduce their energy costs.
- Eliminating these policies would jeopardize current projects, limit innovation that benefits students, campuses, and local communities, and weaken our nation's resilience.

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

- Elective pay (also known as "direct pay") allows tax-exempt organizations, including colleges and universities, to receive a direct refund payment from the IRS for investing in renewable energy technologies, such as solar, wind, geothermal, energy storage, infrastructure upgrades, and electric vehicles.
  - Repealing the IRA direct pay provision would derail college infrastructure projects, raise campus energy costs, cut local construction jobs, and stall energy-efficiency upgrades.
- Colleges and universities can use elective pay to lower the upfront cost of purchasing qualified commercial clean vehicles, reducing their transportation expenses, 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 infrastructure, such as electric vehicle charging stations.

**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 have been at the forefront of innovation, workforce development, and the adoption of energy technologies that benefit local communities and build a resilient society.
- Colleges and universities were early leaders in promoting green infrastructure, as evidenced by approximately 800 institutions signing the American College and University Presidents' Climate Commitment between 2007 and 2011.