



Inflation Reduction Act: Agricultural Conservation, Forestry, and Renewable Energy

August 3, 2022

Overview

On July 27, 2022, Senate Democrats posted the [Inflation Reduction Act of 2022](#), a bill that is the Senate majority's version of the House-passed Build Back Better Act (BBBA, H.R. 5376, text in [H.Pr. 117-18](#)). Like the BBBA, the Senate majority's bill is a budget reconciliation measure, which allows for an increase in spending pursuant to instruction in the FY2022 budget resolution ([S.Con.Res. 14](#)).

Programs in the jurisdiction of the House and Senate Agriculture committees are included in each bill ([Title I in the BBBA](#) and Title II in the Inflation Reduction Act). For agriculture, the Senate majority's bill is narrower than the House bill. The House passed the BBBA in November 2021. The BBBA would have increased agriculture spending by \$82 billion over the 10-year period FY2022-FY2031. The Senate majority's bill includes a subset of nearly \$40 billion for agricultural conservation, forestry, and renewable energy (the latter organized as rural development). Funding for Title II in the Senate majority's bill would remain available through FY2031. The Senate majority's bill excludes entirely sections that were in the House bill for agriculture research (-\$2 billion), agriculture credit (-\$7 billion), and rural water and rural development partnerships (-\$2 billion). Compared with the BBBA, the Senate majority's bill would provide less for agricultural conservation (-\$7 billion), forestry (-\$22 billion), and renewable energy (-\$3 billion).

Conservation

The Inflation Reduction Act would provide \$21.3 billion for agricultural conservation in Subtitle B of Title II. It would add nearly \$20 billion in additional funding for existing farm bill conservation programs, including the Environmental Quality Incentives Program (EQIP; \$8.45 billion), Regional Conservation Partnership Program (RCPP; \$6.75 billion), Conservation Stewardship Program (CSP; \$3.25 billion), and Agricultural Conservation Easement Program (ACEP; \$1.40 billion). These programs provide financial

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and technical assistance to private landowners to voluntarily implement [conservation practices on agricultural land](#). Program funds would be directed to climate change-related goals and would prioritize mitigation activities. The Senate majority's bill would also extend some of these programs' authorities beyond their current expiration in FY2023, to FY2031. Some program authorities would not be extended, such as payment and income limits. Additional funding would also be provided for conservation technical assistance (\$1.0 billion), a carbon sequestration and greenhouse gas emissions quantification program (\$300 million), and administrative expenses (\$100 million).

The Senate majority's bill would fund some, but not all, conservation programs and initiatives that were included in the BBBA. Those included in the Senate majority's bill are funded at lower amounts than the BBBA, with the exception of funding for conservation technical assistance, which would be \$800 million higher under the Senate majority's bill than under the House-passed bill. The Senate majority's bill excludes the BBBA's new \$5 billion soil conservation program to incentivize cover crop planting. All farm bill conservation programs (i.e., EQIP, CSP, ACEP, and RCPP) included under the BBBA are included in the Senate majority's bill but would be funded at \$2.45 billion less in total.

Renewable Energy

The Inflation Reduction Act would support renewable energy initiatives for rural development in Subtitle C of Title II, primarily by providing \$13.3 billion for farm bill energy title programs; in comparison, the BBBA would provide over \$15 billion. The Inflation Reduction Act would provide \$1 billion for electric loans for renewable energy under the Rural Electrification Act. The U.S. Department of Agriculture may use the funding to make loans for electric generation from renewable energy resources, including for projects that store electricity. The bill would provide appropriations of approximately \$1.7 billion for eligible projects under the Rural Energy for America Program (REAP; 7 U.S.C. §8107) and approximately \$304 million for grants and loans for underutilized renewable energy technologies and for technical assistance with REAP applications. The bill would amend 7 U.S.C. §8103 to provide \$500 million for grants to increase the sale and use of agricultural commodity-based fuels through infrastructure improvements for blending, storing, supplying, or distributing biofuels (e.g., upgrading fuel pumps, building home heating oil distribution centers). For rural cooperatives, the bill would provide \$9.7 billion—for financial assistance (e.g., loans) to eligible entities for the long-term resiliency, reliability, and affordability of rural electric systems; for reducing the reliance on nonrenewable energy resources in rural areas; for zero-emission systems; or for carbon capture and storage systems. The bill would provide \$100 million to cover administrative costs.

Sections in other titles of the Senate majority's bill pertain to rural and renewable energy, specifically biofuels. For example, the bill would provide \$5 million to the U.S. Environmental Protection Agency to carry out the Renewable Fuel Standard program, in part, for data collection and analysis for lifecycle greenhouse gas emissions of a fuel and would provide \$10 million for new grants to support investment in advanced biofuels. The bill would establish a sustainable aviation fuel tax credit that would eventually be absorbed into a clean fuel production tax credit established in the bill. Lastly, the bill would extend certain tax incentives for biofuels, including for biodiesel and renewable diesel.

Forestry

The Inflation Reduction Act would provide \$5.0 billion in Subtitle D of Title II for forest management, planning, and restoration activities for [federal and nonfederal forests](#). In comparison, the BBBA would provide \$27.2 billion in funding for a wider array of forestry activities, including funding for forestry research.

The funding in the Inflation Reduction Act would include \$2.15 billion for management of the [National Forest System](#) (NFS, administered by the U.S. Forest Service), including funding for hazardous fuel reduction or vegetation management projects on NFS lands, for inventorying and protecting old-growth and mature forests on NFS lands, and for improving environmental reviews. Subtitle D would also include \$2.75 billion to support [grants and other financial assistance for nonfederal forest management](#), including funding for urban and community forestry programs. The grant programs would support climate mitigation activities on nonfederal forests, facilitate participation in [forest carbon markets](#), and support the development and application of innovative wood products. Several of the grant programs would be specifically targeted to support the participation of “underserved forest landowners.” In addition, the funding in Subtitle D would include \$100 million for administrative expenses.

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