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REPEALING FEDERAL ENERGY TAX CREDITS AND FUNDING WILL HARM INDIANA'S ECONOMY

Federal energy tax credits and funding programs are supercharging America's economy. As of January, these grant programs and tax credits have generated $600 billion in new private investment and created more than 406,000 new jobs. Prior modeling by Energy Innovation showed that just a few key federal tax credits could increase national GDP up to $200 billion and create up to 1.3 million jobs by 2030.

Since Congress passed the Inflation Reduction Act (IRA) in 2022, roughly $6.48 billion in clean energy and transportation investments and more than 12,900 new jobs have been announced in Indiana, alongside $11.95 billion in announced investments from federal grants and loans. 86 new clean energy and transportation facilities have begun development, and 31 have begun manufacturing American-made products.

But Trump administration proposals to repeal federal policies could significantly harm this economic growth. In just two months, administration actions, including freezing funding for IRA programs, have cost America nearly 42,000 announced jobs – including 1,600 in Indiana – and stopped more than 60 announced clean energy projects representing more than $57 billion in investment.

Energy Innovation used our free and open-source Energy Policy Simulator to analyze potential impacts on state-level economic growth, jobs,[1] public health, and greenhouse gas emissions in Indiana from repealing these existing policies.

The modeling finds repealing federal funding and tax credits reduces Indiana's GDP by $5.08 billion in 2030 and $5.58 billion in 2035, compared to maintaining current policies. Reducing new clean energy projects would increase Indiana's air pollution by nearly 13 million metric tons (MMT) of carbon dioxide (CO_2) in 2030 and nearly 23 MMT in 2035—equivalent to the annual air pollution from 3 and 6 coal-fired power plants, respectively.

Repealing Existing Federal Policies Would Increase Energy Bills and Reduce Job Growth in Indiana

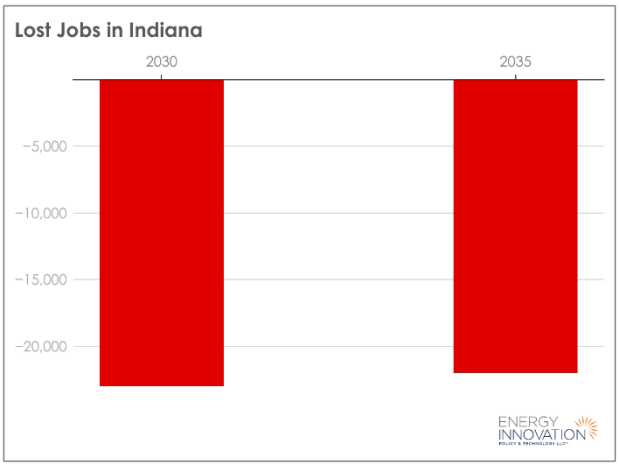
Current federal policies, such as clean energy tax credits, grants, loans, and standards accelerate clean energy project deployment and electric vehicle sales in Indiana. But repealing these policies would force Indiana households to pay higher electricity bills because less low-cost clean energy is being built, while fewer EVs on the road would force consumers to spend more on gasoline. Repealing existing federal clean energy tax credits and funding programs would increase average annual household energy costs in Indiana (including electricity and fuel expenses) by nearly $10 per year in 2030 and more than $50 per year in 2035.

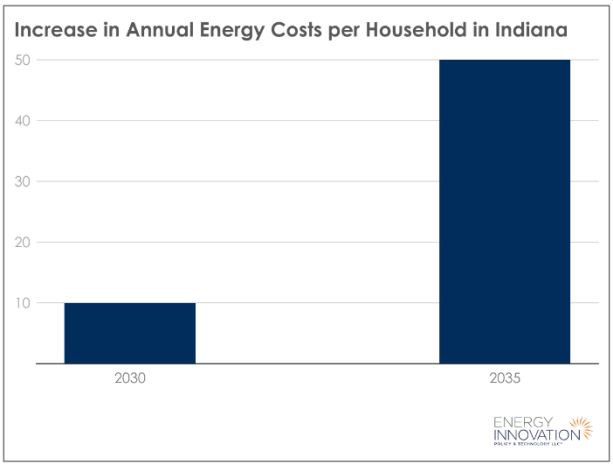
Across all Indiana households, this increases cumulative household energy costs by more than $615 million through 2035, assuming a 7 percent discount rate.

[1] A job year defined as one year of work for one person, for instance a new construction job that lasts five years is equal to five job-years. This is a more accurate measure than "job" because one job may last for five months or five years.

Repealing these programs would also cost Indiana new jobs. Industries like manufacturing and construction will be forced to scale back if federally supported investments are halted and demand for clean energy technology evaporates. Lower investment and higher energy bills due to repealing these federal programs and tax incentives will cost over 23,000 Indiana jobs in 2030 and nearly 22,000 jobs in 2035, compared to current policies.

These economic results are consistent with analysis from financial services company Moody's, which analyzed President Trump's campaign policy platform in August 2024 and found that it would increase inflation and weaken economic growth, threatening a recession as soon as mid-2025.





Methodology

The "Current Policies" scenario includes policies from the IRA, Infrastructure Investment and Jobs Act, and CHIPS and Science Act, as well as finalized rules from the U.S. Environmental Protection Agency—oil and gas methane standards; tailpipe CO2 standards for light-, medium-, and heavy-duty vehicles; and power plant CO_2 standards. The "Current Policies" scenario also includes major existing state climate policies including clean electricity standards, Advanced Clean Cars I and II, Advanced Clean Trucks, clean electricity standards, zero-emission vehicle incentives, and carbon pricing schemes. State-level "Current Policies" scenarios include downscaled impacts of federal rules and standards as well as key state-specific climate and clean energy policies.

The "Repeal" Scenario removes existing IRA clean energy tax credits and funding programs from individual state models. For more information on how we modeled this scenario, see documentation on state-level modeling methodology on Energy Innovation's website.