THE INFLATION REDUCTION ACT: A YEAR IN REVIEW

HEARING

BEFORE THE

SUBCOMMITTEE ON HEALTH CARE
AND FINANCIAL SERVICES

OF THE

COMMITTEE ON OVERSIGHT
AND ACCOUNTABILITY

U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED EIGHTEENTH CONGRESS

FIRST SESSION

SEPTEMBER 14, 2023

Serial No. 118–65

Printed for the use of the Committee on Oversight and Accountability

Available on: *govinfo.gov*
oversight.house.gov or
docs.house.gov

U.S. GOVERNMENT PUBLISHING OFFICE
53–383 PDF WASHINGTON : 2024

C O N T E N T S

Witnesses

Written opening statements and statements for the witnesses are available on the U.S. House of Representatives Document Repository at: docs.house.gov.

Index of Documents

Documents are available at: docs.house.gov.

THE INFLATION REDUCTION ACT: A YEAR IN REVIEW

Thursday, September 14, 2023

HOUSE OF REPRESENTATIVES
COMMITTEE ON OVERSIGHT AND ACCOUNTABILITY
SUBCOMMITTEE ON HEALTH CARE AND FINANCIAL SERVICES
Washington, D.C.

The Subcommittee met, pursuant to notice, at 2:22 p.m., in room 2154, Rayburn House Office Building, Hon. Lisa C. McClain [Chairwoman of the Subcommittee] presiding.

Present: Representatives McClain, Grothman, Langworthy, Porter, Casar, and Lee.

Mrs. MCCLAIN. The hearing of the Subcommittee on Health Care and Financial Services will come to order.

Welcome, everyone.

Without objection, the Chair may declare a recess at any time.

I recognize myself for the purpose of making an opening statement.

Again, thank you all for being here. I appreciate your patience.

We are here today to examine the Inflation Reduction Act, a year since its passage. Not surprisingly, the Inflation Reduction Act has not delivered on its promises that the Democrats claimed it would. Americans still are struggling under the weight of inflation. Americans are paying more for just about everything: groceries, rent, gas.

The most recent Consumer Price Index for August 2023 increased to 3.7 percent. When President Biden was sworn into office in January, he inherited a 1.4 percent inflation rate. Inflation today is more than 2.5 times the rate he inherited. And remember, inflation is cumulative. Over the past 2 years, total inflation has increased by over 17 percent, and prices are likely only going to tick up.

Meanwhile, the Federal Reserve continues to raise interest rates in an attempt to curb inflation and the inflation brought about by the excessive spending. Frankly, this frustrates me. When Americans were first experiencing the highest inflation in 40 years last summer, Democrats claimed their Inflation Reduction Act would do what the bill's name indicated, help curb inflation. Republicans saw it for what it really was, a radical spending spree to implement a leftist wish list for the Green New Deal.

A year later, President Biden says that he regrets the title of the bill. Instead, he has labeled the $369 billion spending package as

the single greatest investment in climate change ever. Not a word about inflation, because it was never intended to reduce it.

When Americans needed inflation relief the most, the IRA was a lie that the Democrats told to push their Green New Deal. Not only does the IRA do little to reduce inflation, but it will continue to add to the deficit with rampant spending. It is estimated that the Federal deficit will hit $2 trillion as the Fiscal Year ends later this month. The IRA's green energy slush fund is expected to cost us more than $633 billion over the next 10 years. Goldman Sachs estimates that the IRA's green energy credits will cost taxpayers as much as $1.2 trillion by 2032.

Further, the IRA's Medicare price control provisions are harming the market. The IRA allows Federal Government to dictate arbitrary prices on drugs, disrupting normal market mechanisms of supply and demand, and putting drugs already in short supply at further risk. Drug price control risk for the future of investment in research and development of the innovative treatments Americans need the most.

I, as well as others on this Committee, understand that healthcare is getting more expensive, but this is not the way to fix it. And, in fact, it is making the problem worse. Just like hiring 87,000 more IRS agents and wishy-washy unenforceable promises to not target regular Americans is not going to help reduce the deficit, right? We need the money that—one, we have a spending problem, but, two, we also need to pay attention to where this money is going. Government's micromanagement of the economy is not the solution. Maybe we should micromanage where the money is actually going.

We have seen it fail before. In the late seventies, President Jimmy Carter tried to ease inflation by imposing energy price controls. It failed then, and Americans suffered. It will fail this time as well.

The solutions are free-market, pro-competition policies, like shrinking the deficit; promoting economic growth; cutting regulatory red tape; simplifying the Tax Code; eliminating government waste, fraud, and abuse, really following the money and holding these agencies accountable as well; and investing in American energy and independence.

The IRA did not do any of these things, and that is why the American people are worse off today than the day it passed.

I am looking forward to hearing from the experts on the impacts and what should be done to help Americans.

I now recognize Ranking Member Porter for the purpose of making her opening statement.

Ms. PORTER. Thank you very much, Madam Chairwoman.

We have 16 days until the government shuts down. Speaker McCarthy, who is slow walking government funding bills one by one, has only passed 1 of 12. I am a former professor, so I know what 1 of 12 means. The Speaker is getting an F. And these bills do not even have enough support to pass in the Senate.

The Speaker is not on pace to significantly improve his grade before the deadline. So, what does that mean for the American people? It means that House Republicans are driving us off a cliff to a shutdown and to the corresponding economic harm. That is not

the type of action that is going to bolster our economic growth and fight inflation.

Our constituents, Democrats and Republicans alike, are wondering what the plan really is around here. Make no mistake, today's hearing tells us a great deal about the plan. Someone who is driving you off a cliff wants to distract you, and that is what Republicans are trying to do with this hearing. While House Republicans struggle to figure out any kind of real plan to keep the government open and to lower costs for the American people, they come up with hearings like this to attack the progress that was made and is being made.

The Inflation Reduction Act is paying down our national debt, lowering our energy costs, and making prescription drugs and healthcare more affordable. It is a testament to what happens when Washington stops delays, gets to work, and makes a genuine effort to adjust problems that Americans are facing. In other words, it is what Washington looks like when it is doing the opposite of what it is doing right now.

Look, you do not have to believe me when I say the Inflation Reduction Act is lowering costs for Americans and saving us money. Let me give you a couple of examples. The Inflation Reduction Act includes legislation that I wrote that recovers tax dollars from drug companies that hike drug prices faster than the rate of inflation. For years, Big Pharma has lined its pockets by jacking prices up way faster than inflation, and now patients are already paying less.

My bill would recoup $63 billion over 10 years. Let us be clear, with my legislation alone, which is just one part of this landmark law, we are stopping drug companies from ripping off Americans and we are saving our government billions of dollars. That is one small part of the law alone that is meaningfully lowering people's costs.

The Inflation Reduction Act is also saving our constituents money when it comes to energy. The Inflation Reduction Act includes another piece of legislation that I wrote to charge polluters a fair rate when they lease Federal land. It was the first increase in that rental rate in over 100 years. Big Oil has been cheating all Americans by drilling on public lands for pennies on the acre. No more. My legislation is already saving taxpayers millions by making Big Oil finally pay a fair price.

Whether you are a Republican or a Democrat and whether you agree with every single aspect of the Inflation Reduction Act or not, one thing is clear: We all win when we have people in charge who make a genuine effort to lower costs for families, not shut the government down.

I yield back.

Mr. LANGWORTHY. [Presiding.] Thank you, Ranking Member.

I am pleased to welcome our witnesses for today: Mr. Preston Brashers, Mr. Joel White, and Mr. Trevor Higgins.

Mr. Brashers is a senior tax policy analyst at the Grover M. Hermann Center for the Federal Budget at The Heritage Foundation. Mr. White is the president of the Council of Affordable Health Coverage. And Mr. Higgins is the senior vice president for Energy and Environment at the Center for American Progress.

We look forward to hearing what you all have to say on today's important subject.

Pursuant to the Committee Rule 9(g), the witnesses will please stand and raise their right hands for the oath of office.

Do you solemnly swear or affirm that the testimony that you are about to give is the truth, the whole truth, and nothing but the truth, so help you God?

Let the record show that the witnesses answered in the affirmative.

Thank you. And you all may take a seat.

We appreciate you being here today and look forward to your testimony. So, let me remind the witnesses that we have read your written statements, and they will appear in full in the hearing record. Please limit your oral statements to 5 minutes. As a reminder, please press the button on the microphone in front of you so that it is on, and the Members can hear you. When you begin to speak, the light in front of you will turn green. After 4 minutes, the light will turn yellow. And when the red light comes on, your 5 minutes have expired, and we would ask that you please wrap up.

I now recognize Mr. Brashers for his opening statement.

STATEMENT OF MR. PRESTON BRASHERS, PHD SENIOR POLICY ANALYST, TAX POLICY GROVER M. HERMANN CENTER FOR THE FEDERAL BUDGET THE HERITAGE FOUNDATION

Mr. BRASHERS. Chairwoman McClain, Ranking Member Porter, and Members of the Subcommittee, thank you for giving me the opportunity to testify today.

My name is Preston Brashers. I am the senior policy analyst for Tax Policy at The Heritage Foundation. The views I express today are my own and should not be construed as representing any official position of The Heritage Foundation.

August 16th marked the 1-year anniversary of the signing of the Inflation Reduction Act. The IRA, as the name—as the bill's title suggests, was intended to reduce inflation primarily through deficit reduction. But 1 year in, the Inflation Reduction Act has contributed to significantly higher deficits compared to last year. These deficits and malinvestments spurred by the IRA have added to inflationary pressure, which has forced the Fed to dramatically raise interest rates. Rates on a 30-year mortgage are at 20-year highs, putting the American Dream out of reach for many American families.

The IRA is making Americans poorer and turning them into debtors to the special interest green agenda. Although CBO and some other groups originally scored the IRA as achieving a small surplus over the 10-year budget window, the surpluses were backloaded at the end of the decade while deficits were frontloaded into the first 4 to 5 years. And the IRA is much more fiscally irresponsible than it appeared on paper. It uses gimmicky and questionable pay-fors and expirations, and some of the provisions are proving much more costly than forecasters expected, especially the bevy of tax credits for green energy, electric vehicles, carbon se-

questration, and other things ostensibly connected to the climate agenda.

CBO initially scored these provisions as having a $270 billion budget impact through 2031, but in May, government forecasters estimated the cost of these credits was double the initial estimate. Some outside estimates have put that figure closer to a trillion dollars or roughly four times what the American public was originally told.

The IRS' implementation of the green tax credits has not helped matters. When the IRA passed, analysts expected that relatively few vehicles would qualify for the EV credits because of strict limitations on foreign manufacturing, critical mineral content, and income limitations for the purchaser. However, the IRS has dramatically weakened those restrictions.

First, Treasury delayed issuance of guidance for the battery component rules, so EVs sold between January 1st and April 16th qualified for the EV credits even if they did not meet the domestic battery content requirements.

Second, the IRS created a regulatory loophole by treating EVs that businesses leased to consumers as commercial clean vehicles. As a result, wealthy EV buyers and foreign manufacturers can circumvent income thresholds and domestic requirements by simply leasing the EVs instead of buying and selling them.

Third, the IRS further extended the credits to foreign manufacturers by taking an incredibly expansive interpretation of the term "free trade agreement" to include extremely narrow trade deals covering EV critical minerals. Therefore, car sales with Japanese-produced batteries can qualify for the credits.

The costly expansion of the green tax credits will not have a material effect on global temperatures because the U.S.' share of global emissions is a mere 11 percent. And that number has been falling as China and India account for an increasingly large share year after year.

Even if you accept dire predictions about global warming and even if the U.S. completely eliminated greenhouse gas emissions, by the end of the century, it would only reduce global temperatures by no more than about one-fifth of a degree Celsius, but the IRA will not completely eliminate U.S. emissions, far from it.

Based on the level of emissions reductions from the IRA—that the IRA is expected to achieve, you are looking at less than a 0.03 degree difference in temperatures by the end of the century. And I think that is being generous, as that is only if you extend the emissions reductions out for the rest of the century at the cost of many more trillions of dollars.

Lawmakers must weigh the benefits against the costs of the Inflation Reduction Act, and in my estimation, the IRA's benefits to special interest green companies are not worth the cost to American taxpayers and consumers.

Thank you.

Mr. LANGWORTHY. Thank you.

I now recognize Mr. Higgins for his opening statement.

(MINORITY WITNESS)
STATEMENT OF MR. TREVOR HIGGINS
SENIOR VICE PRESIDENT, ENERGY AND ENVIRONMENT
CENTER FOR AMERICAN PROGRESS

Mr. HIGGINS. Thank you to Chair McClain and to Representative Langworthy and Ranking Member Porter, and other Members of the Subcommittee. I appreciate the opportunity to appear today to provide testimony on the anniversary of the Inflation Reduction Act.

Little over 1 year ago, Congress enacted the Inflation Reduction Act, building on the achievements of the Infrastructure Investment and Jobs Act and the CHIPS and Science Act. This groundbreaking legislation is already at work today, growing the economy by investing in the middle class.

The new law connects good-paying jobs and apprenticeship programs to clean energy incentives for the first time. It builds supply chains and domestic manufacturing that will equip America to compete in the global clean energy economy for decades to come. It cleans up air pollution that is concentrated in low-income communities. It modernizes the IRS to deliver better service to taxpayers and fair enforcement, and it cuts healthcare costs and household energy costs in every region of the country. Together, these investments are laying a foundation for continued climate action in ways that will bring benefits to people in their everyday lives and put the U.S. climate goals within reach to achieve an emissions reduction of 50 to 52 percent below peak levels by the end of this decade.

I would like to briefly take each of these points in turn. First, IRA is not only expected to create more than a million new jobs in 2030. It has already created, in just this last year, more than 170,000 clean energy jobs across the United States. These are not just jobs of the future. These are jobs right now. And importantly, the full value of the new clean energy tax credits is only available for project developers who pay prevailing wages and employ people in apprenticeship programs, ensuring that the clean energy economy will be built with good jobs.

Second, IRA is investing in domestic manufacturing and resilient supply chains by requiring increased proportions of domestic content, incentivizing domestic production of batteries and critical mineral processing, and supporting reinvestment in energy communities.

According to a recent report from the Rhodium Group, more than $200 billion has already been invested, public and private, to deploy clean energy since the passage of the Inflation Reduction Act, and Climate Power has documented examples of new clean energy projects across 44 states and counting.

Third, IRA investments help cleanup air pollution that is concentrated in low-income communities, which is projected to save more than 4,000 lives every year by the end of this decade. The Justice40 Initiative has already organized more than $90 billion across 24 Federal agencies to ensure these programs are actually bringing benefits to disadvantaged communities as intended.

Fourth, IRA is cutting costs for American households, including both energy costs and healthcare costs. By offering tax incentives,

grants, and rebates, IRA is helping households to choose to install heat pumps or purchase an electric vehicle. Investments in affordable clean electricity and reduced fuel demand across the economy are actually projected to lower the price of natural gas. So, even households that do not take up these tax incentives will still benefit.

And when it comes to healthcare costs, IRA is reining in high drug prices. Last month, the Centers for Medicare and Medicaid Services announced the first 10 drugs for which it will negotiate prices, and it is estimated by CBO that this will cut prices for these drugs in half. This will be a lifeline for millions of seniors and disabled people.

IRA also cracks down on pharmaceutical companies that hike drug prices above the rate of inflation, caps out-of-pocket spending for Medicare enrollees at $2,000 a year, provides lifesaving vaccines at no cost, saves $800 per year for premiums through the Affordable Care Act, and limits out-of-pocket spending on insulin to $35 a month.

When you look at inflation, this is what it is. It is about household energy costs. And when IRA passed, inflation rate was 8.3 percent annually. This month it is 3.7 percent. That is progress. And, in fact, the United States is experiencing lower inflation than comparable countries. The rate last month in Germany was 6.2 percent and the United Kingdom was 6.4 percent.

Finally, the Inflation Reduction Act made long overdue investments in the IRS to modernize its technology, improve customer service, and audit wealthy taxpayers. Thanks to the new funding, the IRS reduced call wait times this tax filing season from almost half an hour to just 3 minutes. And tax enforcement is about not just collecting needed revenue but also unrigging the economy for workers and honest taxpayers, while making sure that the wealthy pay the taxes they legally owe.

So, in conclusion, these benefits are just beginning to take effect. We are only 1 year in. But already, the Inflation Reduction Act has created hundreds of thousands of jobs, delivering clean energy across the country, and has begun to onshore supply chains that China has long sought to dominate. The new job quality domestic content and place-based investment incentives for clean energy are building a sector that will serve as an example for the rest of the economy.

I thank you for the opportunity to testify here today.

Mr. LANGWORTHY. Thank you.

I now recognize Mr. White for his opening statement.

STATEMENT OF MR. JOEL WHITE PRESIDENT COUNCIL FOR AFFORDABLE HEALTH COVERAGE

Mr. WHITE. Congressman Langworthy, Ranking Member Porter, thank you for the opportunity to present my views here today on the Inflation Reduction Act. My comments will focus on the new Medicare drug price setting program, but I am happy to answer any questions you may have.

I want to start off by discussing the human impact of the law. I have two dear friends with teenage daughters who have serious

and rare medical conditions. Their names are Ella and Harper. Ella has EB, and she should have died years ago. EB causes the skin to become so fragile that it tears and blisters at the slightest touch. There is no cure, and the current treatment includes daily wound care management and protective bandaging. Ella's dad told me once he spends $10,000 a month on bandages alone.

In May, the FDA approved the first and only medicine to treat EB. This gene therapy heals the wounds and prevents new blisters caused by the disease. So, Ella has hope. But this is a treatment, not a cure.

Under the IRA, if the company investigates another use of their product, say, for skin cancer and it is approved, the original product could be subject to the IRA's price controls. As a result, the company likely will not investigate new indications, and people with skin cancer and EB will lose out.

My other friend's daughter is Harper. She has ITP and was diagnosed when she was 6 years old. Her immune system attacks and destroys her platelets by mistake, leading to bleeding and bruising that can be life-threatening. It is unknown why this happens. People with chronic ITP do not have a host of treatment options and there is no cure.

So, I get angry when I hear some politicians talk about the IRA's benefits and none of the downsides, such as how the law may lead to fewer cures for people like Ella and Harper.

We have decades of experience in other countries about how similar price setting systems impact patients, including less access and fewer innovations. In the U.S., since the enactment of the IRA, we have already seen investments shift away from pills and entire research programs for blindness and cancer pulled since the enactment of the law. All of the experts, all of them—CBO, the CMS actuary, and private academics—agree that the IRA will result in fewer therapies. They simply disagree on the extent of the damage.

The most optimistic estimate is from the Congressional Budget Office. They say there will be two fewer treatments or cures over the next few years. Some are willing to accept that. Ella and Harper are not, and neither am I. They need two more cures.

With respect to the law's implementation, CMS recently announced the 10 drugs selected for Medicare's drug price setting program. Congress exempted the price setting program from the normal rulemaking process enshrined in the 77-year-old Administrative Procedure Act. The Democrat author of the APA said it is a Bill of Rights for the hundreds of thousands of Americans whose affairs are controlled or regulated by Federal Government agencies.

The U.S. General Services Administration has noted, quote, "The APA ensures public transparency in the rulemaking process, while holding the government accountable to address public input. Transparency and accountability ensure integrity throughout the process," end quote.

By exempting the program from the normal process, politicians and bureaucrats can set prices that impact our healthcare in secret. Practically, this means CMS can change the rules on a whim. The agency does not have to accept feedback from stakeholders, and it does not have to explain its decisions or provide an analysis of the impact on their patients.

In addition, CMS will spend $3 billion to set up six new divisions to replace private sector expert negotiators. This raises obvious questions. How many private sector jobs are being replaced by new bureaucrats? If new employees come from the industry, will CMS preclude employees from being lobbied by their former employers? The Biden Administration should answer these questions, and this Committee should ask them.

Finally, I am concerned the law will increase costs and worsen health disparities. For example, Medicare's price controls apply to pills 9 years after FDA approval versus 13 years for biologics. This small-molecule penalty creates powerful incentives to create more biologics and less pills. The problem is that biologics are harder to genericize and are typically administered by a doctor in a more expensive setting. For patients who lack access to doctors, such as people in rural areas or low-income urban communities, they will find getting their drugs much more difficult. To address this, Congress should eliminate the small-molecule penalty.

In conclusion, I think we all want lower healthcare costs, but we also want good access to care and new innovative products. I have outlined seven solutions in my testimony that will not harm innovation and access. But Congress should start by repealing the drug price setting program. Ella and Harper would thank you.

Mr. LANGWORTHY. Thank you all for your opening statements.

I now recognize myself for 5 minutes of questions.

I want to start by asking you, Mr. Bashers, whether or not you believe so-called green energy subsidies are effective at reducing inflation.

Mr. BRASHERS. So, the green energy subsidies will benefit people that want to buy electric vehicles, which is predominantly going to be very wealthy people. The typical lower-to middle-income person is probably not going to benefit from the EVs in the same way.

The general—the overall effect of the Inflation Reduction Act's green tax credits is going to dramatically increase deficits, and that is the primary cause of the inflation that we have been experiencing. The inflation—when the Federal Government is spending substantially more money than it is taking in, there are two ways that that can manifest itself. It can either manifest itself in higher inflation or in higher interest rates. For a while the Federal Reserve was absorbing a lot of that Treasury debt that was being issued and, therefore, it was—what we were seeing was inflation. Since then, it has changed its tact and it started raising interest rates, but that has got its own set of problems.

Mr. LANGWORTHY. Well, thank you.

It is funny that the Biden Administration claims that this act is there to reduce inflation when one of the primary strategies they are using is inflationary by nature. The subsidies themselves, while supposedly funded to relieve financial pressure on consumers, instead, impose radical, shortsighted and incredibly expensive so-called green energy policies on working families.

And that is exactly what we are seeing in my home state of New York. The IRA allocates almost $9 billion on two separate rebate programs, all for electric appliance installation and one known as the Homes Rebate Program. These rebates are offered to consumers who make improvements to their homes that achieve en-

ergy savings benchmarks. However, last month, the DOE issued guidance telling states to ban homes from accessing these rebates if they intend to upgrade their liquid or gas-fired appliances to more efficient models. The document says they should only be allowed to do envelope improvements, such as install efficient doors, windows, or insulation, even if their HVAC technician suggests a heating system upgrade will realize the greatest energy savings for their home.

Dr. Brashers, I am sure you will agree that these rebates do not seem to benefit consumers?

Mr. BRASHERS. In my estimation, it would be no.

Mr. LANGWORTHY. So, Dr. Brashers, who do green energy subsidies largely benefit?

Mr. BRASHERS. The companies that are engaged in the green industry, they will obviously benefit. The overall effect I think on the economy, though, is not going to be creating jobs, it is not going to be creating new wealth. It is simply reallocating it. And, in fact, the size—the total size of the pie is going to be diminished because we are moving to less and less efficient companies, less and less efficient products.

Mr. LANGWORTHY. And, Dr. Brashers, have you heard of the Drive Clean Rebate for electric cars? It is an offer in New York State through the state's Charge New York Initiative. I know there is similar rebates in other states as well.

Mr. BRASHERS. I am not familiar with that one.

Mr. LANGWORTHY. OK. You know, most green energy rebates, including the electric vehicle subsidies, do not benefit the majority of consumers. You have many states, they offer them through the IRA, and this is concerning due to China's control over critical mineral supply chains.

The Oversight Committee, we recently discussed the possibility of Chinese firms funding litigation to hinder American energy development. If we do not produce our own energy and mine critical minerals, we risk dependence on China for the Biden Administration's priorities. And if China cuts off our access to critical minerals, it could lead to a significant price increase affecting all of these priorities.

Do you think America could face a green energy bailout if there was a significant supply chain interruption?

Mr. BRASHERS. I think the possibility of a green energy bailout is actually pretty high given what you are seeing in terms of all the grants and loans in the program. I think we already saw it today. Ford was noting that they were having large losses from their EV business. So, I think the probability of that is not—it is certainly not low.

Mr. LANGWORTHY. Yes. I spent a lot of my time in recess talking to different, you know, retailers, especially auto dealers, and they cannot move this product. I mean, this is the government picking winners and losers, and right now it is looking like a loser, from my perspective.

Thank you.

This mistitled Inflation Reduction Act is nothing more than an attempt to push the green agenda by the Biden Administration on American citizens. Subsidies that were sold as economic relief have

actually led to increased inflation that has disincentivized investment in industries not eligible for tax credits. The Administration's green agenda hurts the everyday American, and I am glad we are able to have this conversation with you today to bring this to light.

I now recognize Ranking Member Porter from California for 5 minutes.

Ms. PORTER. Thank you very much.

We have a major heat wave harming portions of the United States during most of July and August, and in southern California where I live, we saw temperatures get as high as 110 degrees.

Mr. Higgins, if you were experiencing this kind of extreme heat, what would you turn on in your home to keep yourself safe and comfortable?

Mr. HIGGINS. The air conditioner.

Ms. PORTER. The air conditioner. We would all prefer to turn on the air conditioner. But not every American can afford an air conditioner, let alone pay for the energy needs of that system.

I know a resident of California's 47th congressional District who got frustrated during the heat wave. They got literally hot and bothered. Throughout the summer they did not have air-conditioning in their home, and this constituent is concerned about the increase in temperatures, the air quality issues with wildfires, and they want to buy an energy efficient heat pump to cool their home, bring down their heating costs, and reduce their dependence on volatile fossil fuels. But she cannot just go spend the money because she also needs to replace her broken gas stovetop, which has one working burner, and her 20-year-old dishwasher.

Mr. Higgins, how can the Inflation Reduction Act help this Californian afford a heat pump and lower their bills without breaking the bank?

Mr. HIGGINS. Thank you for the question. For the first time there are new incentives for heat bumps because of IRA. It includes a tax incentive of $2,000, but that only helps households that have the tax liability. So, there is also a program to create rebates for low-income households, which will be administered through the states, which for participating households it can cover up to the entire expense, including installation, and electric upgrades.

Ms. PORTER. OK. So, this household has tax liability, so I think they are going to be able to get the $2,000 per year for a heat pump. This sounds like this really would help this Californian be able to afford this heat pump, really bring down the costs, reduce the carbon footprint, help her save money on energy bills in the long term.

Mr. Higgins, can this hot and frustrated Californian go get this heat pump using this credit?

Mr. HIGGINS. Yes. And Treasury is working on guidance right——

Ms. PORTER. Oh, stop, stop there, Mr. Higgins. This Californian is hot today. Can they go get a heat pump using this credit today?

Mr. HIGGINS. They would have to wait until they file their taxes to get their rebate, but Treasury is working on the guidance to make that much clearer so that by next summer, this will be a much smoother option for households than it was this summer.

Ms. PORTER. Ah. So, right now, the Department of Energy, Department of Transportation, they are still preparing to roll this out?

Mr. HIGGINS. That is right.

Ms. PORTER. So, it has been a year since the Inflation Reduction Act passed. And as a practical matter, I think it is cold comfort to a lot of people to hope that they can figure out somehow with Turbo Tax how to get this credit. They want to be able to go in the store and get it for less now up front. When can this Californian go do that?

Mr. HIGGINS. So, as soon as the Treasury puts together their new guidance for 25C, which is that part of the tax credit, which they are expecting—I think the Treasury just announced that was one of the next priorities they are working on for the end of this year, so that it will be in place for the next tax credits and I think a way that is much more intuitive than it was this summer.

Ms. PORTER. OK. Because the Department of Energy's website says that DOE expects households to be able to access these rebates in much of the country in 2024. You are talking about Treasury and the credits. So, this Californian without air-conditioning all summer has to wait basically another year to get an energy efficient heat pump. You testified that these households can save hundreds of dollars. You give aggregate figures. Did you adjust those aggregate figures downward for the fact that nobody has been able to use these programs yet?

Mr. HIGGINS. No. Those numbers are based on the projections of once this is implemented. So, I agree with you that these programs are still being rolled out, particularly for the consumer-facing credits.

Ms. PORTER. Yes. You might be interested to know that this Californian is me. Like many Americans, I want to reduce my greenhouse gas emissions. I want to save money on my energy bill, and I would like air-conditioning. And many of us cannot make our homes greener, and we have heard about this Inflation Reduction Act. We have heard about these tax credits, but we are not able to take advantage of them.

I understand that the Treasury's working on it, that DOE is working on it, that the states are working on it. But the takeaway is the Inflation Reduction Act is the law of the land. How each of us feels about this law is not going to change, but we can make the law work. We can ask tough questions, on a bipartisan basis, about what the holdup is. And I personally think it would be a much better use of this Committee's time to conduct meaningful oversight of how the programs are being rolled out and whether they are working as intended, to relitigate whether we should have passed this or not. So, we can continue to go back and forth on whether this bill is good or bad or we can get serious about trying to conduct oversight on whether it is actually helping people and what we need to do to push the Administration to deliver.

I yield back.

Mr. Chair, if you will accommodate me. I also wanted to ask unanimous consent to insert into the record a statement from the full Committee Ranking Member, Congressman Raskin.

Mr. LANGWORTHY. Without objection, so ordered.

Mr. LANGWORTHY. I now recognize the gentleman from Texas, Mr. Casar, for 5 minutes.

Mr. CASAR. Thank you, Chair.

The Republican Majority is hurdling toward shutting down basic services for people across the country in just 2 weeks, shutting the government down, shutting the country down. And while Democrats and, frankly, even Republicans in the Senate have said, no, we want to keep this government open, let us just keep it open the way it is or let us stick to the deal that we already agreed to keep it open, it seems like the Republican Majority wants to close it, while demanding unreasonable things that will never pass, like kicking 100,000 kids out of their Head Start and preschool programs, kicking 20,000 working class people and seniors out of their housing, slashing funds for things like public education and climate action.

And I get asked by my constituents back home in Texas, why would they do that? And to me, I think back to the very first votes I took on legislation under this Republican Majority, which were votes to cut IRS funding so that billionaires could get away with cheating on their taxes, cut IRS funding so that big corporations could get away with not paying their fair share.

And that is what we are dealing with again in this hearing. As we have—keep on walking down this path where we could wind up in another government shutdown caused by the Republicans, we are having a hearing blasting the Inflation Reduction Act. And the Inflation Reduction Act, signed by President Biden, is the first time in my lifetime that I have seen a bill pass that finally holds corporations accountable to paying their taxes.

Remember, in 2021, before the Inflation Reduction Act was passed, the Institute on Taxation and Economic Policy reported that at least 55 of the largest corporations in America paid no Federal income taxes. And a 2021 paper from the Treasury Department estimated that the wealthiest one percent owe $160 billion in unpaid taxes each year. But finally, under this law, we take climate action, we address rising energy costs, we address rising healthcare costs and hold corporations accountable by setting a 15 percent minimum corporate tax rate.

This is overwhelmingly popular with the American people, so House Republicans have taken up to making false claims about the Inflation Reduction Act to scare people. I have been asked in union halls, walking down the street, in grocery stores by people saying, well, doesn't the Inflation Reduction Act hire like 87,000 new IRS agents? And they have heard this propaganda on the radio. They have heard it pushed out by rightwing officials. In fact, it was stated by the Chair as she opened up this meeting. But to put this politely, that is false.

The IRS funding in the Inflation Reduction Act, one, improves technology and customer service so constituents do not have to keep waiting for days or weeks to get answers from the IRS. And, second, it sets up the resources necessary to make sure large corporations and the wealthy have to pay their fair share.

Mr. Higgins, is it correct or incorrect that the Inflation Reduction Act is hiring 87,000 new IRS agents?

Mr. HIGGINS. That is incorrect.

Mr. CASAR. Thank you.

In fact, according to one article and to much of our research, the IRS funding is just to get the number of employees back at the IRS where we were a decade ago. This article appeared in *Time Magazine*, titled, "Trump Allies Are Attacking Biden For a Plan to Hire 87,000 New IRS Agents, but That Plan Doesn't Exist."

I ask unanimous consent to insert this article into the hearing record.

Mrs. MCCLAIN. [Presiding.] So, ordered.

Mr. CASAR. Thank you, Chair.

We are facing a government shutdown which could impact tens of thousands of Americans, hundreds of thousands of Federal employees. We know that the government does not need to shut down. Those services can be paid for if billionaires and big corporations finally pay their fair share.

The budget deal that Republicans forced holding the economy hostage earlier this year eliminates much of the IRS funding that we need for enforcement, but now we are hearing in this hearing more and more attacks from the Republican Majority trying to cut IRS funding from the Inflation Reduction Act, and that funding we need, not only to go after billionaires and big corporations, but we need it in order to reduce our deficit.

Mr. Higgins, do you know that if we fund the IRS agents that we need—do we know, if we fund them, does that increase the deficit or does it actually decrease the deficit?

Mr. HIGGINS. That will help recoup lost revenues right now to close the tax gap and will reduce the deficit.

Mr. CASAR. So, we can reduce the deficit and have better funding for our programs if we stick with things in the Inflation Reduction Act and have those minimum corporate taxes.

I discussed this in a July Committee hearing, and I asked the Chairman if we can finally have a hearing in this Committee to start looking at corporate tax cheats and how the wealthiest people in this country get away with not paying their taxes. And I heard from Mr. Sessions that he was open to that. And I hope, Chair, that we consider finally having a hearing on this important topic.

And I yield back.

Mrs. MCCLAIN. Thank you.

The Chair now recognizes Mr. Grothman for 5 minutes.

Mr. GROTHMAN. Thanks.

I will start off with Mr. Brashers. And it concerns me that some of these trillion-dollar bills that come through here basically benefit the very wealthy in our society. OK. I do realize we have some problems with our Tax Code, but the problem is Congress who passes the bills.

But the IRA has been described as a massive transfer of tax dollars from the working class to the wealthy, big banks, and large corporations.

Do you agree with this characterization, and why do you feel that is true?

Mr. BRASHERS. I think many of the beneficiaries of the green tax credits are going to be the very wealthy, so I think there is a lot of truth to your statement.

Mr. GROTHMAN. OK. Can you give me some examples?

Mr. BRASHERS. So, for example, the green—the EV tax credits have proven to be much more expensive than they were going to be. The way that the IRS is implementing it has expanded that, so that wealthy people that are leasing can claim these credits even though that was not really in the intent of the original bill. So, that is one example. There are others within these green tax credits.

Mr. GROTHMAN. OK. Are there any tax credits which influence the purchase of electric cars?

Mr. BRASHERS. Yes. So, there is the Clean Vehicles Credit, there is the Clean Commercial Vehicles Credit, there is Used Clean Vehicles Credits.

Mr. GROTHMAN. As I understand, I was talking to some car dealers the other day, some of these green cars, electric cars can cost 100 grand a year. So, almost by definition, the really wealthy show-offs of our society are the people building them. You mean they give special credits to the rich guy who likes to show off with his 100 grand a year Chevy, but you do not get a credit if you are an average guy trying to buy a car for 35 grand?

Mr. BRASHERS. Yes. I think for the average person, the average taxpayer, middle class probably do not even have a lot of awareness about all of these tax credits. If you do not have your own home, it is hard to have these energy efficiency improvements. There are many other things that are—you know, installing solar panels, all these things are very difficult for a middle-class person to afford.

Mr. GROTHMAN. OK. We right now—particularly with regard to housing, housing and cars are the two big ones that stick out to me. Inflation has just completely run amok. I mean, at least in my district, the ability to buy a house today compared to 3 or 4 years ago, I think a lot of times the cost of housing has gone up 40, 50 percent. Could you—and I think it is because we are still printing so much money. I mean, we are borrowing 22 percent of our budget.

Could you indicate again, are we hitting the average guy more or the ultra-wealthy as we drive up the cost of housing by having the Fed print money?

Mr. BRASHERS. Yes, that is a great question. Thank you for that.

Mr. GROTHMAN. It was a great question. I agree.

Go ahead.

Mr. BRASHERS. Yes. So, inflation is a silent tax that hurts everybody, but I think it particularly hurts middle class and lower income people. And what you are referring to in terms of housing costs, the fact that interest rates are through the roof, that is going to be very hard on a——

Mr. GROTHMAN. And the cost of a house. I do not know how a young person is going to get going in life after we get done of 4 years of this guy. I mean, how can you afford a house when in my district you cannot build a new house for under 700-, $800,000, unless it is tiny.

Mr. BRASHERS. Yes. The interest rates have gone up dramatically since the Inflation Reduction Act was signed. I think the continued deficit spending is a big contributor to why that is and why the Federal Reserve is having such a hard time getting inflation under control. We saw it just yesterday that the inflation——

Mr. GROTHMAN. And not just interest rates; the cost of the house to boot. You have the initial cost going up and then the cost of interest rates going up.

Mr. BRASHERS. Yes.

Mr. GROTHMAN. Isn't that the function of these trillion-dollar bills that come shooting out of here?

Mr. BRASHERS. Yes. And another thing to keep in mind; is all of the money and the investments and capital that are going into the green energy, that has got to come from somewhere. The government is not coming in and creating wealth. They are not creating these programs—these goods and services for people. They are simply reallocating them. And so that is helping to drive the interest rates up. That is helping to drive the costs up across the economy.

Mr. GROTHMAN. There is no more green state than California. What has been the effect of their policies on the average guy, say, compare the average guy to the average Hollywood type, movie star type?

Mr. BRASHERS. Yes. Well, I mean one of the big things you see there is the gas prices are through the roof. You see housing prices——

Mr. GROTHMAN. How much is gas now in California?

Mr. BRASHERS. It is over $5.

Mr. GROTHMAN. Oh, my goodness. Oh, oh. I hope we never have those people run the country.

But go ahead. I am sorry I interrupted you.

Mr. BRASHERS. Yes. So, it is absolutely unaffordable for middle-class people to live in a lot of these areas that have been pushing these policies.

Mr. GROTHMAN. Oh. Well, thanks. I hope we work our way out of this in the next few years.

Mr. BRASHERS. Thank you.

Mrs. MCCLAIN. Thank you, Mr. Grothman.

The Chair now recognizes Ms. Lee for 5 minutes.

Ms. LEE. Thank you, Madam Chair.

I would like to start by expressing my shock and surprise at the concern for young people in our country that I would like to say that the thing that keeps young people from being able to buy a house are stagnant wages that have not increased in decades, is the busting of unions that we are seeing consistently across the country, but also is the cost of a college education and the loan burden that these young people are carrying that keeps us from starting families or from buying homes, and yet we see that the loan debt period is going to end in a few days.

But today, I wanted to actually talk about some of our environmental issues. According to a report issued in April of this year by the American Lung Association, quote, "Out of the nearly 120 million people who live in areas with unhealthy air quality, a disproportionate number, more than 64 million, 54 percent, are people of color."

I came to environmental justice through necessity, not expertise. Where I grew up in Braddock in the Mon Valley of western Pennsylvania, our air is so dirty that we have some of the highest rates of pollution-causing childhood asthma, COPD, and emphysema, and other respiratory illnesses in this country.

The American Lung Association's 2023 State of the Air report found that ozone smog pollution levels in the Pittsburgh, New Castle, Weirton metro area have declined, which is phenomenal. However, the metro area I represent, quote, "continues to rank among the worst 25 metro areas in the country for both short-term and year-round particle pollution."

Dirty air is killing people, and it is disproportionately harming minoritized communities. Black people are exposed to 1.54 times more fine particulate matter than White people and are three times more likely to die due to air pollutants. And Black women have the highest death rates because of asthma.

Mr. Higgins, I note that a paper published in April of this year by the Center for American Progress stated, quote, "A key insight driving many of the Inflation Reduction Act's investments is that Federal dollars go a lot further in places that have experienced underinvestment in a private market often due to historical and ongoing racial discrimination, including low-income and disadvantaged communities that face the greatest effects of climate change."

Mr. Higgins, how can we maximize our Federal impact through investments in communities that have historically experienced underinvestment?

Mr. HIGGINS. It is such an important question because you are right that the effects of fossil fuel pollution and climate change are disproportionately affecting Black and Brown communities and low-income communities. That is why the Inflation Reduction Act takes pains to create new programs that will help to serve these areas, including set-asides for low-income investment through the tax credits, a Greenhouse Gas Reduction Fund which requires 40 percent of its spending to be for the benefit of disadvantaged communities echoing the Justice40 Initiative. There are climate pollution reduction grants, climate justice block grants.

I will give a couple of examples of projects that have already been funded, if I may——

Ms. LEE. Yes, please.

Mr. HIGGINS [continuing]. That I think help to demonstrate the promise of Justice40 already.

So, for example, we recently saw a $19 billion investment in the electricity distribution grid in Jefferson Parish, Louisiana, to help protect against future hurricanes. There is a new grant supporting the Chicago Transit Authority's plans to run an all-electric bus fleet which will disproportionality benefit the air quality in communities that are facing the worst pollution now. And this extends to all sorts of disadvantaged communities, including in Tulare County in a rural area. There is new money to retrofit an old hydroelectric system.

So, these sets of investments, I think, benefits communities all across the United States, but you have to be intentional about it, and the Inflation Reduction Act provides new tools to make it possible.

Ms. LEE. Thank you.

Southwestern Pennsylvania groups have already received more than 2 million to monitor levels of harmful air pollution. The EPA is issuing an additional $236 million in IRA funds nationwide for air monitoring, including grants for monitoring near industrial fa-

cilities, multipollutant monitoring, and air quality sensors in disadvantaged communities. The IRA includes a program called the Greenhouse Gas Reduction Fund which will help reduce polluting emissions particularly in low-income and disadvantaged communities.

Mr. Higgins, I thank you for your answer about how the IRA will benefit those disadvantaged communities and also your answer earlier to our Ranking Member about how the IRA will help low-income households reduce their energy bills.

But to put it in more perspective, the provisions in the IRA could lower energy bills for Pennsylvanian families by more than $341 per year. The IRA provides precisely the investments we need to combat climate change and helps the communities that have suffered disproportionately from air pollutants.

And while we are also seeing investments in our workforce, Pennsylvania's Governor Shapiro recently announced a commitment to reserve at least three percent of all funding they receive from the IRA to fund workforce development and on-the-job training, investing as much as 400 million over the next 5 years in workforce training.

So, to sum it up very quickly, the IRA's investments to fight pollution across the country will not only help improve air quality and preserve a level of future for our children, it will lower energy costs for working families, protect us from the impacts of climate disaster, and create thousands of good-paying union jobs.

I would like to thank my Republican colleagues for holding this hearing and giving us the opportunities to highlight such strong investments in America's future.

Thank you. And I yield back.

Mrs. MCCLAIN. Thank you, Ms. Lee.

I now recognize myself for 5 minutes.

Mr. Brashers, simply put, does the Inflation Reduction Act, in fact, reduce inflation?

Mr. BRASHERS. No.

Mrs. MCCLAIN. Do you have any data to support that? Is that your opinion?

Mr. BRASHERS. The Inflation Reduction Act was intended to reduce inflation by reducing the deficit, but the deficit has doubled from last year, from about 1 trillion to 2 trillion. So, the evidence is—and even if you looked at the original estimates, it was not going to be reducing the deficits in the initial years. So, the fact that everything has blown up in costs, that tells me that, no, it has not reduced inflation.

Mrs. MCCLAIN. So, facts and evidence. Crazy.

OK. What impact does the IRA have on prices Americans are paying at the gas pump and in the supermarkets?

Mr. BRASHERS. So, what we have seen so far since the Inflation Reduction Act went into place—and most of the provisions went into place in January 1 of this year, and the average gas price of gasoline was $3.09 at the time. Now it is up to $3.84. So, the evidence is that the prices of gasoline are going up, prices——

Mrs. MCCLAIN. I am sorry. Could you repeat those numbers again?

Mr. BRASHERS. It has gone up from $3.09 to $3.84 since January.

Mrs. McCLAIN. OK. And under normal, $3.09 is less than $3.84.

Mr. BRASHERS. That is correct.

Mrs. McCLAIN. I mean, I realize Bidenomics, it might be a little different, but I just wanted to make sure.

OK. Switching gears, Mr. White, will the IRA increase the costs of prescription medicines?

Mr. WHITE. Absolutely. I mean, the first thing is for the inflation rebates CBO said repeatedly that those will lead to higher launch prices. So, yes, it will increase drug prices.

Mrs. McCLAIN. And can you expand on that just a little bit more?

Mr. WHITE. Sure. So, if a drug company is subject to an inflation rebate, what it says is that if my drug price increases faster than inflation, I have to pay a rebate back to the government. So, as a company launches a product, what the Congressional Budget Office has said is that they will take that into account when pricing their product and try and price it as high as they possibly can so that as they increase prices over time, they are not subject to——

Mrs. McCLAIN. And is there any evidence of this or is this just your opinion?

Mr. WHITE. This is the—experts of the nonpartisan Congressional Budget Office have said this.

Mrs. McCLAIN. I am just making sure we are following the facts as opposed to opinions.

So, to follow up on that, the IRA uses the term "negotiations," right, as code language for government price controls on drugs. In your assessment, what impact will price controls have on the ability for Americans to access medications?

Mr. WHITE. It will make it much more difficult to access new and innovative medicines. It will also lead to drug shortages. I think we have decades of evidence from other countries that have tried this approach, and in every instance, access——

Mrs. McCLAIN. Can you give us an example?

Mr. WHITE. Sure. So, in the U.K., for example, they have had this system in place—a similar system in place for several decades. They have access to about half as many medicines as people in the United States have.

Mrs. McCLAIN. Interesting. Thank you.

Mr. Brashers, are green energy subsidies effective at reducing inflation?

Mr. BRASHERS. No, I would say they are not.

Mrs. McCLAIN. Can you expand on that for me?

Mr. BRASHERS. These are subsidies that are merely shifting the incentives around to push people into purchasing certain items and not other items, but they are not expanding the supply. They are merely rearranging, I guess, the distribution and the allocation of people's money. But there is no increase of supply.

Mrs. McCLAIN. Would it be safe to say that if a policy was so effective and it worked so well and it helped so many people, that a policy like that would not need a subsidy because people would go and buy that product, whatever it may be?

Mr. BRASHERS. I think that is a very good way of stating it. If you did not——

Mrs. McCLAIN. Seems like common sense.

Mr. BRASHERS. It does seem common sense, yes.

Mrs. MCCLAIN. Right. And, Mr. Brashers and Mr. White, were Americans better off in 2019, or are they better off now under Bidenomics?

Mr. BRASHERS. I would say they are better off—they were better off in 2019.

Mrs. MCCLAIN. Based on what?

Mr. BRASHERS. Based off of real incomes, based off of inflation, I think that the economic statistics have deteriorated significantly.

Mrs. MCCLAIN. Thank you.

Mr. White?

Mr. WHITE. I would agree with that.

Mrs. MCCLAIN. Based on?

Mr. WHITE. Real wages are down. As health costs increase, our take-home pay declines, our standard of living declines, so families are worse off by paying more. The average family policy this year will cost about $22,000. It is the equivalent of buying a new Kia and shoving it into the Potomac River every year and then buying a new one.

Mrs. MCCLAIN. I mean, at the end of the day, I think both sides want a better America. I really want to believe that in my heart of hearts. And how we—where we differ is how we get there. And I think we have to be stewards of the taxpayers' money, because I believe you said earlier, sir, that the government really does not produce anything, right? They really do not produce everything. And with this layer upon layer of regulation and this layer upon layer of bureaucracy, it is people like my colleague over here that actually supported the bill but cannot even take advantage of it.

Where is this money going? I will share with you where it is not going. It is not going to the American people. It is going somewhere, but I can assure you the Americans in my district, they are not benefiting from these policies.

So, with that and without objection, all Members have 5 legislative days within which to submit materials and additional written questions for the witnesses which will be forwarded to the witnesses.

And if there is no further business, without objection, the Subcommittee stands adjourned. And I thank you all for your patience. It was kind of squirrelly today, but I truly appreciate it. Thank you.

[Whereupon, at 3:22 p.m., the Subcommittee was adjourned.]

○