



CHAIR JODEY ARRINGTON

HOUSE BUDGET COMMITTEE

Chairman Arrington on the Two-Year Anniversary of the Democrats' So-Called 'Inflation Reduction Act'

WASHINGTON, D.C. – Tomorrow, August 16, 2024, marks the second anniversary of the 'Inflation Reduction Act' (IRA) becoming law. Despite claims by Democrats, the IRA did not reduce inflation or the national deficit. On the contrary, the IRA's massive spending caused inflation to rise and projected 10-year deficits are **over \$6 trillion higher** than when the IRA passed. House Budget Committee Chairman Jodey Arrington (R-TX) released the following statement on this unfortunate milestone:

CHAIRMAN ARRINGTON'S STATEMENT

"Two years ago, the spurious 'Inflation Reduction Act' was passed without support from a single Republican and with Vice President Harris having 'proudly cast' the deciding vote, and the American people are still paying a high price today.

The IRA flooded our economy with federal subsidies in the form of tax credits for green energy corporations, took a giant step toward socialized medicine by expanding Obamacare for the wealthy, unleashed tens of thousands of new IRS agents to shake down working families and middle-income individuals, and raided over \$300 billion from Medicare to pay for it. The result has been stubbornly high energy and medical bills, including skyrocketing Medicare part D premiums for seniors, an economy teetering on recession, and the highest national debt in our nation's history.



If presidential candidate Kamala Harris were taking questions, I wonder if she would be as sanguine about her support for this tax and spend monstrosity today as she was two years ago as Joe Biden's Vice President."

BACKGROUND

The Democrats' 'Inflation Reduction Act' was originally scored as a deficit reducer of \$58 billion; however, recent estimates from the Congressional Budget Office (CBO) show that the cost of the green provisions in the IRA has **increased by \$622 billion** over the original budget window – **\$796 billion if looking at the current budget window.**

- Democrats' electric vehicle tax credit handout to the wealthy alone is set to cost **\$101 billion--up from JCT's original estimate of \$14 billion.**
- The electric vehicle battery production credits are estimated to cost taxpayers over **\$196 billion--a 542 percent increase from the original sticker price.**
- The Biden-Harris **IRA raided \$307 billion from Medicare** to pay for its green energy handouts and Obamacare subsidies for the wealthy. This attack on Medicare occurred as the vital program for seniors continues to face the threat of insolvency.
- Democrats included a provision in the IRA that redesigned the Medicare Part D prescription drug benefit, with the main changes going into effect in 2025. As a result of these changes, **seniors' Part D premiums are slated to significantly increase next year.**
- As a result, 2025 bids for standalone part D plans **skyrocketed 179 percent.** To mask premium increases ahead of November, the Biden-Harris Administration announced a new demonstration program to spend billions of taxpayer dollars buying down the premium increases. The IRA imposed price controls on prescription drugs that threaten to



reduce patient access to innovative medicines and increase long-term federal health spending.

- [According to CBO](#), the IRA will lead to higher list prices for new drugs, raising costs for American patients who are already struggling with out-of-control health care costs under President Biden and Vice President Harris.
- The IRA has already forced biopharmaceutical innovators to suspend the development of new medicines, including those for rare diseases. Independent estimates have found the **drug price controls could result in as many as 139 fewer drugs coming to market.**
- Innovative cures and therapies hold the potential to significantly lower federal health care spending by curing and reducing the burden of costly diseases. By stopping the development of these new drugs, **the IRA's price control scheme is limiting the tools needed to reduce long-term health care spending.**
- The IRA also needlessly spent an estimated **\$64 billion** to extend the expanded Obamacare subsidies through 2025, **including to wealthy Americans making as much as \$599,000.**
 - The actual costs associated with these expanded ACA premium tax credits have been significantly higher than initially estimated.
 - In fact, while CBO estimated last year that outlays for ACA premium tax credits and related spending would be \$78 billion in Fiscal Year 2024, **CBO now expects outlays to reach \$103 billion, an increase of \$25 billion.**
- The Biden-Harris IRA includes billions in progressive climate provisions including:



- **\$27 billion** for climate funding at the Environmental Protection Agency (EPA).
- **\$3 billion** for EPA Environmental and Climate Justice Block Grants.
- **\$1.9 billion** for “regional greenways,” “heat island hot spots,” and “gaps in tree canopy coverage” at the Department of Transportation (DOT).
- **\$3.4 billion** for the General Services Administration to convert federal buildings into climate-friendly ones.
- **\$2 billion** at DOT to reimburse or incentivize the use of “low-embodied carbon construction materials.”
- **\$3 billion** for grants to reduce air pollution at U.S. ports.
- **\$1.5 billion** for “tree planting” at the Department of Agriculture.
- **\$1 billion** for EPA’s “clean heavy-duty vehicles.”
- Even the U.S. Postal Service, which is **billions of dollars in debt**, received **\$3 billion** for new electric delivery vehicles.

Two years later, projected 10-year deficits are over **\$6 trillion larger** than when the IRA passed, and inflation remains unacceptably high. With a national debt of **\$35 trillion**, the time to act is now.

