
Energy Freedom Act

Background

Senator Lee, along with Rep. Brecheen and Rep. Roy, introduced the Energy Freedom Act—a bill to repeal the more than 20 green energy tax subsidies that the Democrat Inflation Reduction Act (IRA) either created or expanded. Republicans ran, and won, on an electoral promise to *completely* dismantle the IRA and end the green energy welfare agenda, which the IRA green energy tax subsidies are a key pillar of. President Trump has repeatedly advocated for ending the “green new scam” that burdens taxpayers, distorts energy markets, inflates energy costs, and threatens the reliability of America’s power grid.

This year presents Republicans with an opportunity to repeal the same IRA green energy tax subsidies that all congressional Republicans voted against in 2022. For the sake of American taxpayers and the future of American energy, Congress must stop picking winners and losers through the tax code.

Bill Summary

The bill **repeals the IRA’s energy tax subsidies**, effective for tax years beginning after December 31, 2025.

The bill also **saves taxpayers at least \$1 trillion**. Estimates project the IRA’s green energy tax subsidies will cost between \$825 billion, according to the Congressional Budget Office as of January 2025, and over \$1 trillion, per analysts at Goldman Sachs, over the next decade.¹ The longer-term fiscal cost presents an even more alarming picture when considering that the IRA’s largest subsidies only expire if greenhouse gas emissions are reduced to a level that arguably will not be reached in the next few decades. If left in place, these subsidies could cost between \$2.04 trillion and \$4.67 trillion by 2050, according to the Cato Institute.²

The bill **restores energy affordability and security**. IRA subsidies force utilities to overbuild solar and wind capacity, weakening grid reliability and increasing energy costs. Ending these subsidies will restore affordability and stability to our energy supply by maintaining existing dispatchable and firm generation and leveling the playing field for all energy sources.

¹ <https://www.reuters.com/business/energy/us-clean-energy-tax-subsidies-cost-825-billion-over-10-years-cbo-says-2025-01-17/>; <https://www.goldmansachs.com/pdfs/insights/pages/gs-research/carbonomics-the-third-american-energy-revolution/report.pdf>.

² <https://www.cato.org/policy-analysis/budgetary-cost-inflation-reduction-acts-energy-subsidies#how-we-approach-our-cost-estimates>
