



**Walter Wright, Jr.**  
wwright@mwlaw.com  
(501) 688.8839

# Repealing Clean Energy Credits/Macroeconomic Assessment of the GOP Proposal: Institute for Macroeconomic and Policy Analysis Report

03/22/2024

The Institute for Macroeconomic & Policy Analysis (“Institute”) released on March 11th a Report (“Report”) titled:

*Repealing the Clean Energy Credits: A Macroeconomic Assessment of the GOP Proposal*

The authors of the Report include:

- Ignacio González
- Juan Montecino
- Vasudeva Ramaswamy

The Institute describes itself as a nonpartisan research institute on macroeconomics, inequality, and economic policy. It references a model that it states:

...emphasizes the widespread prevalence of market power in goods and labor markets, heterogeneity among sectors and firms in the economy, and income and wealth inequality.

The Report references three bills that the United States House of Representatives Republicans advanced in June 2023 which would make several changes to the Federal Tax Code.

The changes are stated to include:

- Elimination of the Clean Energy Credits created in the 2022 Inflation Reduction Act (“IRA”)
- Extending/expanding certain corporate tax breaks enacted in the 2017 Tax Cuts and Jobs Act (“TCJA”)

The Report’s stated objective is to evaluate the long-run macroeconomic effects of the proposed repeal of the Clean Energy Credits. The Institute’s Report conclusions include:

- Withdrawal of the IRA Clean Energy Credits suggest that it would significantly negatively affect:
  - GDP.
  - Aggregate employment.
  - Average wages.
- The IRA’s Clean Energy Credits have a strong expansionary effect on the economy, eliminating them would reduce GDP by approximately 2% in the long run from its projected level under current policy.

- In contrast, an alternative approach that retains the Clean Energy Tax Credits and raises the Corporate Tax Rate would:
- Increase government revenue.
- Generate economic growth.
- Promote income and wealth equality.

Components of the Report include:

- Overview of proposals in the GOP's "trio of bills".
- Evaluating the repeal of the Clean Energy Credits.
- Alternate policy evaluation.

A copy of the Report can be downloaded [here](#).