CLIFFORD CHANCE

ONE BIG BEAUTIFUL BILL ACT: IMPLICATIONS FOR THE ENVIRONMENTAL SECTOR

On July 4, 2025, President Trump signed the One Big Beautiful Bill Act (the OBBBA) into law, which carries significant implications across numerous sectors, including the tax, transportation, energy, and environmental sectors.[1] The OBBBA furthers the Trump Administration's expressed goals of reducing and streamlining environmental regulation, primarily targeting Biden-era climate policies. The most prominent being the Inflation Reduction Act (IRA), which was signed into law by President Biden on August 16, 2022, and provided significant funding for clean energy development and other climate change initiatives.[2] Among other funding cuts, the OBBBA rescinds unallocated funding appropriated by the IRA for programs related to greenhouse gas reduction, vehicle emissions reduction, environmental reviews, and environmental justice. This represents a significant rollback of the Biden Administration's federal energy and environmental policy, creating uncertainty for funding recipients, particularly for those who have not yet received disbursements or whose projects are in progress. This briefing summarizes the environmental implications of the OBBBA and its impact to programs administered under the IRA, Clean Air Act (CAA), and the National Environmental Policy Act (NEPA).

Greenhouse Gas Reduction

The IRA appropriated billions of dollars to the Environmental Protection Agency (EPA) to further climate reduction activities in the U.S. These Biden-era initiatives were expected to reduce U.S. emissions by approximately 40% by 2030.[3] The OBBBA's funding rescissions impose significant cutbacks to greenhouse gas emissions reduction programs, including the $27 billion

[1] *See* OBBBA, H.R. 1 119th Cong. (2025).
[2] *See* IRA, H.R.5376 117th Cong. (2022).
[3] *See* EPA, INFLATION REDUCTION ACT OVERVIEW (2023), https://www.epa.gov/system/files/documents/2022-12/12%2009%202022_OAR%20IRA%20Overview_vPublic.pdf.

Greenhouse Gas Reduction Fund. These funding rescissions may ultimately slow the development of greenhouse gas reduction programs and related infrastructure in the U.S. Some of the most notable recissions related to greenhouse gas emission reduction are summarized below.

- **Greenhouse Gas Reduction Fund**: Section 60103 of the IRA authorized the EPA to create and implement the Greenhouse Gas Reduction Fund, a $27 billion investment to combat the climate crisis.[4] The fund was split into three separate programs aimed at reducing greenhouse gas emissions and other pollutants, particularly in low-income and disadvantaged communities: the National Clean Investment Fund, the Clean Communities Investment Accelerator, and Solar for All programs.[5] The OBBBA repeals the CAA's statutory authority, and rescinds any unobligated balances, for the Greenhouse Gas Reduction Fund. The EPA had fully allocated the $27 billion in grants to recipients, however, only $3 billion had been paid out due to a February 2025 funding freeze.[6]
- **Methane Emissions Reduction Program**: Section 60113 of the IRA amended the CAA to add the methane emissions and waste reduction incentive program (the Methane Emissions Reduction Program) for petroleum and natural gas systems, which appropriates $1.55 billion to the EPA to provide financial and technical assistance for methane monitoring and mitigation.[7] The Program also established a Waste Emissions Charge (WEC) for methane and required the EPA to revise the Greenhouse Gas Reporting Program subpart W regulations for the oil and gas sector. The OBBBA rescinds any unobligated balances under the Program for incentives for methane mitigation and monitoring and methane mitigation from conventional wells, but does not repeal the WEC.[8] However, the OBBBA did push back the start of the WEC from 2024 to 2034.[9]
- **Funding to Reduce Air Pollution.** Section 60105 of the IRA appropriates $117 million to the EPA for implementation of Section 103 and 105 of the CAA.[10] Section 103 establishes a national research and development program for air pollution, including greenhouse gas emissions, control and prevention.[11] Section 105 authorizes grants for the planning, development, improvement, and establishment of these national programs.[12] The OBBBA rescinds any unobligated balances for the implementation of these sections.[13]

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[4] *See* EPA, *About the Greenhouse Gas Reduction Fund,* (last updated Feb. 13, 2025) https://www.epa.gov/greenhouse-gas-reduction-fund/about-greenhouse-gas-reduction-fund; 42 U.S.C. § 7434.
[5] *Id*.
[6] *See* https://www.utilitydive.com/news/epa-dc-appeals-court-stay-greenhouse-ggrf-funding-freeze/745677/; *Climate United Fund v. Citibank, N.A.*, Civil Action No. 25-cv-698 (D.D.C. Apr. 16, 2025).
[7] IRA § 60113. *See also* https://www.epa.gov/inflation-reduction-act/methane-emissions-reduction-program; 42 U.S.C. § 7436.
[8] OBBBA § 60012. *See also* 42 U.S.C. § 7436(a)-(b). The Waste Emissions Charge applies to excess emissions from facilities subject to EPA's Greenhouse Gas Reporting Program.
[9] *Id*. *See also* 42 U.S.C. § 7436(g). We note that the Waste Emissions Charge is subject to considerable uncertainty, in part because the EPA's Waste Emissions Charge regulations were rescinded in March 2025. The EPA is currently evaluating "options and obligations" for implementing the Waste Emissions Charge. *See* EPA, *Waste Emissions Charge* (last updated May 19, 2025). https://www.epa.gov/inflation-reduction-act/waste-emissions-charge.
[10] IRA § 60105.
[11] 42 U.S.C. § 7403.
[12] 42 U.S.C. § 7405.
[13] OBBBA § 60004.

- **Greenhouse Gas Corporate Reporting Funding**: The IRA appropriates $5 million to support enhanced standardization and transparency for corporate climate action commitments and plans to reduce greenhouse gas emissions.[14] The OBBBA rescinds any unobligated balances for this funding.[15]

Vehicle Emissions Reduction

The IRA included several programs aimed at increasing the use of zero emissions vehicles in the U.S. (especially in nonattainment areas), including through the use of vehicle emissions tracking and replacement of public transit buses and other heavy-duty vehicles with clean energy alternatives. The OBBBA's funding rescissions may significantly impact the transition towards public and private use of zero-emissions vehicles in the U.S. Some of the most notable recissions related to vehicle emissions reduction are summarized below.

- **Clean Heavy-Duty Vehicles**. Section 60101 of the IRA amends the CAA to appropriate approximately $1 billion to the EPA to expand the use of zero-emission vehicles.[16] These amendments appropriate $600 million to the EPA to replace gas powered vehicles with zero-emission vehicles and to develop infrastructure and a workforce to support zero-emission vehicle adoption and deployment. These amendments also appropriate $400 million to replace vehicles that serve communities with low air quality. The OBBBA rescinds any unobligated balances of this funding.[17]
- **Diesel Emissions Reductions.** Section 60104 of the IRA appropriates $60 million for grants, rebates, and loans under section 792 of the Energy Policy Act of 2005 to identify and reduce diesel emissions resulting from goods movement facilities and vehicles.[18] The OBBBA rescinds any unobligated balances of this funding.[19]
- **Renewable Fuel Standard Funding Under CAA § 211(o)**: Section 60108 of the IRA appropriates $5 million to the EPA to develop and establish tests and protocols regarding the environmental and public health effects of fuels or fuel additives, data collection for the lifecycle greenhouse gas emissions of fuels, and the evaluation of the impacts of such on low-income and disadvantaged communities.[20] Additionally, $10 million was appropriated for new grants to industry and other related activities to support investments in advanced biofuels.[21] Under the OBBBA, any unobligated funds are rescinded.[22]

Environmental Reviews and Permitting

The Trump Administration has launched several initiatives aimed at decreasing the timeline for environmental permitting and reviews.[23] In line with

[14] IRA § 60111.
[15] OBBBA § 60010.
[16] IRA § 60101.
[17] OBBBA § 60001.
[18] IRA § 60104. *See also* 42 U.S.C. 16132.
[19] OBBBA § 60003.
[20] IRA § 60108.
[21] *Id.*
[22] OBBBA § 60007.
[23] *See* https://www.whitehouse.gov/fact-sheets/2025/06/fact-sheet-president-trump-is-delivering-historic-permitting-wins-across-the-federal-government/.

these policies, the OBBBA implements a streamlined path for NEPA reviews. However, the OBBBA simultaneously rescinds funding for IRA programs aimed at increasing the efficiency and speed of environmental reviews. It remains to be seen how these changes will impact review timelines, particularly in circumstances where environmental reviews and accompanying studies have typically taken longer than one year.[24] Some of the most notable recissions and changes related to environmental reviews are summarized below.

- **Project Sponsor Opt-in Fees for Environmental Reviews**. Section 60026 of the OBBBA amends NEPA to allow project sponsors to submit a description of, and a declaration of whether an Environmental Assessment (EA) or Environmental Impact Statement (EIS) will be prepared for, a project to the Council on Environmental Quality (CEQ).[25] Upon submission, CEQ will provide the project sponsor notice of the fee to be paid for NEPA review – set at 125% of the anticipated preparation cost of an EA or EIS.[26] Once paid, the fee entitles the sponsor to completion of the EA within 180 days, or, for EISs, within one year after publication of a notice of intent to prepare an EIS.[27]
- **EPA Efficient, Accurate, and Timely Review Funds**: Section 60115 of the IRA appropriates $40 million to the EPA to develop permitting and approval processes, including hiring and training staff, improving public engagement and transparency, and investing in information technology tools to improve permitting processes.[28] Under the OBBBA, any unobligated funds are rescinded.[29]

Environmental Justice

Environmental justice was a major focus of the Biden Administration and the IRA authorized the EPA to issue $2.8 billion in grants to community-based nonprofit organizations and similar programs for environmental and climate justice initiatives. To date, the EPA has awarded more than $2.3 billion in environmental and climate justice block grants and, given recent litigation related to grant terminations, it is unclear how the OBBBA's rescissions may impact these initiatives.[30] One of the most notable recissions related to environmental justice programs is summarized below.

- **Environmental and Climate Justice Block Grant Funding**: Section 60201 of the IRA amended the CAA by adding a new section on environmental and climate justice block grants (the Environmental and Climate Justice Program), which appropriates $2.8 billion for financial assistance, and $200 million for technical assistance, to carry out

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[24] *See* https://ceq.doe.gov/docs/nepa-practice/CEQ_EIS_Timeline_Report_2025-1-13.pdf.
[25] OBBBA § 60026. *See also* 42 U.S.C. § 4331 et seq.
[26] *Id*.
[27] *Id*. Historically, NEPA review timelines were governed by the CEQ's NEPA regulations, which have since been removed. *See* 90 FR 10610 (2025). Across all federal agencies, the median time to complete an EIS is 34 months (almost 3 years). *See* CEQ, ENVIRONMENTAL IMPACT STATEMENT TIMELINES (2010-2024), https://ceq.doe.gov/docs/nepa-practice/CEQ_EIS_Timeline_Report_2025-1-13.pdf.
[28] IRA § 60115.
[29] OBBBA § 60014.
[30] *See Green & Health Homes Initiatives, Inc., et al. v. EPA*, No. 25-cv-1096-ABA (D. Md. June 17, 2025).

environmental and climate justice activities.[31] The OBBBA rescinds any unobligated balances for the program.[32]

CONCLUSION

The OBBBA has fundamentally altered the landscape for federal environmental funding that was earmarked for emissions reduction and clean energy development in the U.S. Without federal funding for these programs, the financial burden for states to implement climate change reduction activities may increase. These increased costs may delay or pause certain investment or result in further gaps amongst states with respect to emissions tracking and reduction activities. The recission of funding for certain CAA regulations and change to the NEPA review process may also have a lasting impact on certain types of projects and the implementation of seminal federal environmental laws. These impacts create legal, financial, and operational uncertainty for stakeholders across the environmental sector.

We will continue to track the OBBBA's impacts and any potential challenges, and will provide updates as further information develops.

[31] 42 U.S.C. § 7438; https://www.epa.gov/inflation-reduction-act/inflation-reduction-act-environmental-and-climate-justice-program.
[32] OBBBA § 60016.

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