



# INSTITUTE for the American Worker

## Union Wage Provisions in the Inflation Reduction Act of 2022

Senate Democrats have tied Davis-Bacon Act prevailing wage provisions to many of the clean energy tax credit programs in the latest version of their reconciliation bill, the so-called “Inflation Reduction Act of 2022.”

Sen. Mike Lee (R-UT), sponsor of the [Davis-Bacon Repeal Act](#), has described prevailing wage requirements as “how big government hurts the people it purports to help, gives unfair advantages to favored special interests, and squeezes the middle class.”

In many instances in this legislation, a business or homeowner can only receive the maximum tax credit – some five times the base tax credit – if all work on the project is paid at the prevailing wage. Prevailing wage requirements raise project costs because they peg the wages for specific occupations to the union rate in the area (rather than the average wage), impose burdensome paperwork on employers, and stifle competition.

Prevailing Wage Provisions in the Inflation Reduction Act are in the following sections:

***\*increased tax credit amount for complying with prevailing wage requirements***

SEC. 13101. EXTENSION AND MODIFICATION OF CREDIT FOR ELECTRICITY PRODUCED FROM CERTAIN RENEWABLE RESOURCES\*

SEC. 13102. EXTENSION AND MODIFICATION OF ENERGY CREDIT\*

SEC. 13104. EXTENSION AND MODIFICATION OF CREDIT FOR CARBON OXIDE SEQUESTRATION\*

SEC. 13105. ZERO-EMISSION NUCLEAR POWER PRODUCTION CREDIT\*

SEC. 13204. CLEAN HYDROGEN\*

SEC. 13304. EXTENSION, INCREASE, AND MODIFICATIONS OF NEW ENERGY EFFICIENT HOME CREDIT\*

SEC. 13404. ALTERNATIVE FUEL REFUELING PROPERTY CREDIT\*

SEC. 13501. EXTENSION OF THE ADVANCED ENERGY PROJECT CREDIT\*

SEC. 13702. CLEAN ELECTRICITY INVESTMENT CREDIT

SEC. 13704. CLEAN FUEL PRODUCTION CREDIT

**Text of the Inflation Reduction act of 2022 can be found here:**

[https://www.democrats.senate.gov/imo/media/doc/inflation\\_reduction\\_act\\_of\\_2022.pdf](https://www.democrats.senate.gov/imo/media/doc/inflation_reduction_act_of_2022.pdf)