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The Inflation Reduction Act Will Lead to Higher Energy Prices and Negative Outcomes for Consumers

A litany of policies within the bill are counterproductive to its stated goals

SALT LAKE CITY, UTAH (August 12, 2022) – The passage of the Inflation Reduction Act will ultimately stifle energy development in the United States, which, in turn, will lead to higher prices for consumers. The United States has experienced its second consecutive quarter of negative GDP growth, and American consumers are facing record high inflation. Our organization shares the goal of addressing climate change, as evidenced in the policies we support and in the actions that we take every day. However, the considerable tax increases and new government spending in the Inflation Reduction Act amount to the wrong policies at the wrong time.

“Several of the policies in the Inflation Reduction Act are concerning to UPA and its members,” said UPA President Rikki Hrenko-Browning. “We need more energy of all types, not less. And the IRA encourages some types of energy development while discouraging others. We are committed to achieving the goals set forth by the IRA, but the actual policies set forth in this Act will likely exacerbate the problems they seek to solve.”

First, the IRA imposes a new corporate minimum tax, increasing taxes on Americans by more than \$300 billion over the next 10 years. Second, the IRA imposes an \$11.7 billion tax on crude oil and petroleum products. Third, the IRA imposes additional constraints on the ability of companies to develop and produce the energy that Americans need to fuel our economy and strengthen our energy security. This includes increased fees on domestic production and the establishment of a new \$6.3 billion natural gas tax. Finally, the IRA fails to address permitting reform, which is desperately needed and is essential to effectively deliver affordable, reliable energy to consumers in a growing economy.

Hrenko-Browning continued, “The key to lower energy prices and ease consumer pain at the pump is to encourage robust development of domestic energy resources. Some energy resources have been favored in the IRA, others have not, including oil and natural gas. The United States produces the cleanest oil and natural gas in the entire world which benefits our environment, our citizens, and our allies. Any policy undertaken by the federal government should be in service of this goal across energy sectors. The policies specifically targeted at energy do not achieve this goal, which is an opportunity missed.”

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