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Memorandum

November 22, 2022

TO: Interested Persons

FROM: Emily Dohrman, Economist, 303-866-3687

SUBJECT: Colorado Grant Funding through IIJA and IRA

Summary

This memorandum describes the programs authorized by the Infrastructure Investment and Jobs Act and the Inflation Reduction Act that may provide formula or competitive grants to Colorado.

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Infrastructure Investment and Jobs Act

The federal Infrastructure Investment and Jobs Act (IIJA) authorizes \$1.2 trillion to be spent over five years for transportation, water, energy, resiliency, and broadband. Of this amount, \$550 billion is new spending and \$650 billion is reauthorized spending from the Fixing America's Surface Transportation (FAST) Act and other previous authorizations. The majority of state funding in the IIJA is allocated through formulas, but the act also authorizes funding for new and existing competitive grants.

The formula-based programs are outlined in Table 1, which includes estimates of how much funding will come to Colorado. In some cases, state apportionments have not been released, so the actual amount may differ from the estimate listed in the table.

Table 1
Infrastructure Investment and Jobs Act Formula-Based Grant Programs
Dollars in Millions, FFY 2022 to FFY 2026

Section	New or Existing Program	Total Program Amount	Estimated CO Amount
Transportation			
National Highway Performance Program	Existing	\$148,000	\$1,982
Surface Transportation Block Grant Program	Existing	\$72,000	\$964
Congestion Mitigation & Air Quality Improvement Program	Existing	\$13,200	\$240
Bridge Formula Program	New	\$26,680	\$225
Highway Safety Improvement Program	Existing	\$15,558	\$206
National Highway Freight Program	Existing	\$7,150	\$98
Promoting Resilient Operations for Transformative, Efficient, and Cost-Saving Transportation (PROTECT) Program	New	\$7,300	\$98
Formula Grants for Rural Areas	Existing	\$4,109	\$86
Carbon Reduction Program	New	\$6,420	\$86
Federal Lands Access Program	Existing	\$1,488	\$80 ¹
National Electric Vehicle Formula Program	New	\$5,000	\$57
Motor Carrier Safety Assistance Program	Existing	\$2,433	\$38 ²
Highway Safety Programs	Existing	\$1,992	\$33
Grants for Bus and Bus Facilities	Existing	\$3,161	\$28
National Priority Safety Programs	Existing	\$1,875	\$27
Railway-Highway Crossings Program	Existing	\$1,225	\$18
Enhanced Mobility of Seniors and Individual with Disabilities	Existing	\$2,193	\$14
Metropolitan Transportation Program	Existing	\$799	\$13
Statewide Transportation Planning	Existing	\$167	\$3
Rural Transportation Assistance Program	Existing	\$92	<\$1
Transportation Total		\$320,842	\$4,297
Water			
State Revolving Funds for Clean/Drinking Water	Existing	\$43,414	\$669 ¹
WIN: Small and/or Underserved Communities Emerging Contaminants	Existing	\$5,000	\$90 ²
Water Total		\$48,414	\$759

Table 1 (Cont.)
Infrastructure Investment and Jobs Act Formula-Based Grant Programs
Dollars in Millions, FFY 2022 to FFY 2026

Section	New or Existing Program	Total Program Amount	Estimated CO Amount
Climate, Energy, and the Environment			
Orphaned well site plugging, remediation, and restoration (initial and formula grants only)	New	\$3,177	\$52 ²
Weatherization Assistance Program	Existing	\$3,500	\$50
Preventing Outages and Enhancing Resilience of the Electric Grid	New	\$5,000	\$43 ¹
State Digital Equity Capacity Grant	New	\$1,440	\$24 ²
State and Local Cybersecurity Grant Program	New	\$1,000	\$16 ¹
Secure Rural Schools	Existing	\$585	\$13 ²
State Energy Program	Existing	\$500	\$7
Energy Efficiency Revolving Loan Fund Capitalization Grant Program	New	\$250	\$4 ²
State Digital Equity Planning Grant	New	\$60	\$1
Climate, Energy, and Environment Total		\$15,512	\$210
Broadband			
Broadband Equity, Access, and Deployment Program	New	\$42,450	\$696 ²
Broadband Total		\$42,450	\$696
Grand Total		\$427,218	\$5,962

Sources: The White House. "A Guidebook to The Bipartisan Infrastructure Law for State, Local, Tribal, and Territorial Governments, And Other Partners"; National Governors Association "IIJA Grant Program Tracker"; H.R.3684 - 117th Congress (2021-2022): Infrastructure Investment and Jobs Act.

¹The 5-year total was estimated using the percentage of total funds that were allocated to Colorado in the FFY 2022 apportionment.

²Allocations for these grants have not yet been released. These CO estimates are an approximation based on population or prior year allocations. The actual grant amount may differ from this estimate.

Transportation. Transportation makes up the largest portion of spending in this bill. The majority of the transportation funding listed in Table 1 is a reauthorization of surface transportation funding from the Federal Highway Administration (FHWA) and transit funding from the Federal Transit Administration. However, the IIJA is expected to increase funding for these programs by 20 to 30 percent per year compared to FY 2020-21 levels, resulting in approximately \$585 million in new revenue to Colorado from existing programs over five years. The act also creates four new formula-based transportation programs that are expected to provide \$465 million in total over five years to Colorado.

Water. The IIJA provides funding for clean water and drinking water through grants from five different state revolving funds. These grants can fund water infrastructure improvements, lead pipe replacement, and water treatment to address contaminants. Additionally, the act authorizes \$5 billion in funding to states (approximately \$90 million to Colorado). States will then allocate grants to water utilities and other eligible entities in small or underserved communities to address emerging contaminants.

Climate, energy, and the environment. The act authorizes funding for energy efficiency improvements, clean energy, resilience, and environmental remediation. It includes funds to plug and clean up orphaned wells and improve energy efficiency in homes owned or occupied by low-income and vulnerable populations. Additional programs address digital equity and cybersecurity for states.

Broadband. The Broadband Equity, Access, and Deployment Program aims to expand broadband, particularly for unserved and underserved areas. The funds can be used for planning and construction for broadband, or to provide Wi-Fi or reduced-cost internet access to multi-family housing units. Each state is guaranteed at least \$100 million. Based on population, Colorado may receive around \$696 million for this purpose over five years.

In addition to formula grants, the IIJA also funds competitive grant programs. Table 2 shows new grant programs created by the IIJA. The “Federal Share Maximum” in column 2 refers to the maximum portion of project funding that can be paid by federal grants; the rest of the project’s funding must come from state, local, or private sources. Preexisting competitive grant programs that were expanded through the IIJA are omitted from Table 2.

Table 2
Infrastructure Investment and Jobs Act State-Eligible
New Competitive Grant Programs

Dollars in Millions, FFY 2022 to FFY 2026

Section	Federal Share Maximum	Total Program Amount
Airport Infrastructure Grants	5-25%	\$15,000
Bridge Investment Program	50% for large projects; 80% for smaller projects	\$12,500
Regional Clean Hydrogen Hubs	Not specified	\$8,000
Clean School Bus Program	100%	\$5,000
Program Upgrading Our Electric Grid and Ensuring Reliability and Resiliency	20-50%	\$5,000
Airport Terminal Program	80-95% based on size of airport	\$5,000
National Infrastructure Project Assistance (MEGA Projects)	80%	\$5,000
Four Regional Clean Direct Air Capture Hubs	Not specified	\$3,500
Battery Material Processing Grant Program	Not specified	\$3,000
Battery Manufacturing and Recycling Grants	Not specified	\$3,000
Railroad Crossing Elimination	80%	\$3,000
Carbon Storage Validation and Testing	Not specified	\$2,500
Grants for Charging and Fueling Infrastructure (includes both Alternative Fuel Corridors and Community Grants)	80%	\$2,500
Corridor Identification Program	80%	\$1,800
All Stations Accessibility Program	80%	\$1,750
Orphaned well site plugging, remediation, and restoration (competitive grants only)	50%	\$1,500
Competitive Grants for Rail Vehicle Replacement	80%	\$1,500
PROTECT Competitive Grant Program	80%	\$1,400
State Digital Equity Competitive Grant	90%	\$1,250
Middle Mile Grants	70%	\$1,000
Energy Improvement in Rural and Remote Areas	Not specified	\$1,000
Active Transportation Infrastructure Program	80% ¹	\$1,000
Ferry Service For Rural Communities	Not specified	\$1,000
Reconnecting Communities Pilot Program	50-80%	\$1,000

Table 2 (Cont.)
Infrastructure Investment and Jobs Act State-Eligible
New Competitive Grant Programs
Dollars in Millions, FFY 2022 to FFY 2026

Section	Federal Share Maximum	Total Program Amount
National Culvert Removal, Replacement, and Restoration Grant Program	80-100%	\$1,000
Community Wildfire Defense Grants to At-Risk Communities	10-25%	\$1,000
Carbon Capture Large-Scale Pilot Programs	Not specified	\$937
Various competitive grants appropriated less than \$100 million each		\$690
Healthy Streets Program	Not specified	\$500
Strengthening Mobility and Revolutionizing Transportation (SMART)	Not specified	\$500
Industrial Emission Demonstration Projects	Not specified	\$500
Energy Storage Demonstration Pilot Grant Program	Not specified	\$355
Wildlife Crossings Pilot Program	80-90%	\$350
Carbon Utilization Program	Not specified	\$310
Solid Waste Infrastructure for Recycling Infrastructure Grants	100%	\$275
Operational Sustainability of Small Public Water Systems	90%	\$250
Energy Efficiency Revolving Loan Fund Capitalization Grant Program	Not specified	\$250
Congestion Relief Program	80%	\$250
Building Codes Implementation for Efficiency and Resilience	Not specified	\$225
Electric Drive Vehicle Battery Recycling And 2nd Life Apps	Not specified	\$200
Multi-Benefit Projects to Improve Watershed Health	50%	\$100
Asset Concessions	100%	\$100
Total		\$94,992

Sources: The White House. "A Guidebook to The Bipartisan Infrastructure Law for State, Local, Tribal, and Territorial Governments, And Other Partners"; National Governors Association "IIJA Grant Program Tracker"; H.R.3684 - 117th Congress (2021-2022): Infrastructure Investment and Jobs Act.

¹If the project serves communities with a poverty rate over 40 percent based on the majority of census tracts served by the eligible project, the U.S. Secretary of Transportation may increase the federal share of the cost of the eligible project up to 100 percent.

Inflation Reduction Act

The Inflation Reduction Act (IRA) was signed into law on August 16, 2022. The act includes provisions for prescription drug price reform, Affordable Care Act subsidy extensions, a corporate income tax minimum, and energy and climate change programs. The majority of programs that will impact states are focused on energy and the environment. Compared to the IJJA, the IRA focuses more on competitive grants and less on formula grants for states. The formula grants in the IRA are listed in Table 3. State apportionments have not been released, so the actual amount may differ from the estimate listed in the table.

Table 3
Inflation Reduction Act Formula-Based Grant Programs
Dollars in Millions, FFY 2022 to FFY 2031

Section	New/ Existing Program	Total Program Amount	Estimated CO Amount ¹
High-Efficiency Electric Home Rebate Program	New	\$4,500	\$74
Home Energy Performance-Based, Whole House Rebates	New	\$4,300	\$70
Rural Energy for America Program	Existing	\$1,777	\$29
Assistance for Latest and Zero Building Energy Code Adoption	New	\$1,000	\$16
State-Based Home Energy Efficiency Contractor Training Grants	Existing	\$200	\$3
Total		\$11,777	\$193²

Sources: H.R.5376 - 117th Congress (2021-2022): Inflation Reduction Act of 2022; Congressional Budget Office cost estimate: Inflation Reduction Act of 2022; U.S. Department of Energy.

¹State allocations have not been released for these programs. The amounts in this column are calculated as a percentage of the total based on Colorado's population. The actual amounts allocated to Colorado may differ.

²Total does not sum due to rounding.

The two largest formula-based programs are rebate programs aimed at improving energy efficiency and clean energy in homes. The rebates are to be administered by state energy offices to low- and moderate-income households. The Rural Energy for America Program is a state-administered grant program aimed to help agriculture producers and rural small businesses with energy efficiency. The act also provides funding for states to adopt new energy codes and to train contractors involved in installing home efficiency and electrification improvements. The competitive grants for which states are eligible are listed in Table 4.

Table 4
Inflation Reduction Act State-Eligible Competitive Grant Programs
Dollars in Millions, FFY 2022 to FFY 2031

Program	Federal Share Maximum	Total Program Amount
Greenhouse Gas Reduction Fund (State-Eligible portion only)	Not specified	\$7,000
Climate Pollution Reduction Grants	Not specified	\$5,000
Drought Mitigation in the Reclamation States	Not specified	\$4,000
Neighborhood Access and Equity Grant Program	50%, except in disadvantaged communities	\$3,045
Grants to Reduce Air Pollution at Ports	Not specified	\$3,000
Forest Legacy Program	75%	\$2,200
Low-Carbon Transportation Materials Grants	100% of the incremental cost	\$2,000
Urban and Community Forestry Assistance	50%	\$1,500
Clean Heavy-Duty Vehicles	Not specified	\$1,000
Grants to Facilitate the Siting of Interstate Electricity Transmission Lines	50%.	\$760
Competitive Grants for Non-Federal Forest Landowners	50%	\$550
Biofuel Infrastructure and Agriculture Product Market Expansion	75%	\$500
Funding to Address Air Pollution	Not specified	\$281
Environmental Production Declaration Assistance	Not specified	\$250
Funding to Address Air Pollution at Schools	Not specified	\$50
Funding for Enforcement Technology and Public Information	Not specified	\$25
Total		\$31,161

Sources: H.R.5376 - 117th Congress (2021-2022): Inflation Reduction Act of 2022; Congressional Budget Office cost estimate: Inflation Reduction Act of 2022; U.S. Department of Energy.

The Greenhouse Gas Reduction Fund is the most substantial competitive funding opportunity for states. The full program is authorized at \$27 billion, but states are only eligible to apply for a portion (\$7 billion) for zero-emission technologies and other greenhouse gas emission reduction actions, particularly for low-income and disadvantaged communities. Other significant programs include funding to reduce air pollution, drought mitigation, forest acquisition and protection, and transportation safety and improvement.