

## **Federal, State & Regional Policy**

### **Impacts on Local Climate Action (2025)**

In 2025, the policy environment has grown more complex for local governments pursuing climate action. Significant shifts at the federal, state, and regional levels are constraining local discretion.

#### **Federal Developments: Retreat from Incentives & Regulatory Certainty**

- **IRA Incentives Discontinued**

Many local climate programs and electrification subsidies have been structured around Inflation Reduction Act (IRA) tax credits—especially for home energy upgrades, solar + storage, and EV infrastructure. Delays in fund deployment, administrative bottlenecks, and phase down of unspent funds and tax credits have slowed progress.

- **Push to Eliminate or Curtail Clean Energy Credits**

The “Big Beautiful Bill” significantly reduced or eliminated tax credits for solar, battery storage, electric vehicles and clean energy investment.

#### **State & Regional Shifts Reshaping Local Electrification**

- **Loss of ACF Waiver for Commercial Trucks**

In January 2025, CARB officially withdrew its waiver request for the Advanced Clean Fleets regulation, effectively halting enforceable mandates for private fleets to adopt zero-emission trucks. While the waiver withdrawal impacts private and commercial fleets, state/local government fleets remain partially bound by phased zero-emission vehicle (ZEV) goals.

- **Building Code Freeze via AB 130 / SB 131**

In summer 2025, Governor Newsom signed AB 130 and SB 131, which include a moratorium on changes to residential building code standards from October 1, 2025, through June 1, 2031, with limited exceptions (e.g., safety, wildfire, conservation). This restricts local jurisdictions from adopting new reach codes or stricter energy requirements for new residential construction and major renovations during that period with limited exceptions.

- **Rollback of Air District Appliance Rules**

Several districts (including Bay Area and South Coast) had previously pursued appliance emission limits on gas-powered equipment, but in 2025 many have paused or retracted those efforts amid legal uncertainty and pushback.