

The “One Big Beautiful Bill Act” is Signed Into Law by President Trump: Key Changes to Environmental Programs

25 July 2025

On July 4, 2025, President Trump signed the [One Big Beautiful Bill Act](#) (the OBBBA) into law. The OBBBA is a sweeping tax and spending law with significant environmental implications, including the rescission of funding for certain environmental programs allocated by the Inflation Reduction Act (the IRA), postponement of implementation of certain environmental programs created by the IRA and creation of new environmental programs intended to expedite environmental reviews. This *Alert* highlights the key environmental changes in the OBBBA and should be read in conjunction with our tax team’s [Alert](#) on the OBBBA.

Modification/Rescission of Funding for Greenhouse Gas Emissions Programs

The IRA, discussed in our August 2022 [Alert](#), established both new and supplemental environmental programs intended to reduce greenhouse gas emissions with associated allocated funding mechanisms. The OBBBA modifies and rescinds funding for certain of these programs with unobligated balances, including the Methane Emissions Reduction Program (MERP), Greenhouse Gas Reduction Fund (the GGRF), and the American Innovation and Manufacturing Act (the AIM Act), among others.

- **MERP:** The MERP was established to provide financial incentives and disincentives to encourage the reporting of greenhouse gases, the monitoring of methane, and the reduction of methane emissions from petroleum and natural gas systems. The U.S. Environmental Protection Agency (EPA) previously received over \$1.5 billion in funding in the IRA for the MERP. Earlier this year, Congress used the Congressional Review Act to [rescind EPA’s rule](#) implementing the Waste Emissions Charge (WEC), a

per-ton fee on methane emissions above a specified threshold. The OBBBA rescinded unobligated funds from the MERP and postponed EPA's imposition of the program's WEC to calendar year 2034.

- **GGRF:** The GGRF established funds to finance clean energy projects, support clean energy technology deployment in disadvantaged and low-income communities, and fund residential solar projects. The IRA previously appropriated \$27 billion in funding for the GGRF. The OBBBA rescinded all unobligated funds allocated to the GGRF.
- **Air Pollution Monitoring and Control:** The OBBBA also rescinded unobligated portions of the IRA that provided funding to address air pollution, including sections of the IRA that allocated:
 - \$117.5 million for deployment, integration, support and maintenance of fenceline air monitoring, screening air monitoring, national air toxics trend stations, and other air toxics and community monitoring;
 - \$50 million for expansion of the national ambient air quality monitoring network with new multipollutant monitoring stations and replacement, repair, operations and maintenance of existing monitors;
 - \$37 million for certain air emissions monitoring and emissions source testing activities;
 - \$25 million for grants and other activities authorized under subsections (a) through (c) of Section 103 and Section 105 of the Clean Air Act;
 - \$5 million for providing grants to states to adopt and implement greenhouse gas and zero-emission standards for mobile sources; and
 - \$5 billion for development and implementation of grants (\$250 million) and plans (\$4.75 billion) to reduce greenhouse gas air pollution.
- **Renewable Fuels Standard (RFS) Program:** The RFS is a federal program that requires a certain volume of renewable fuel be used to replace or reduce the quantity of fossil fuel in transportation fuel, home heating oil or jet fuel. The IRA allocated \$5 million to EPA for the evaluation of the environmental and public health effects of fuel or fuel additives and analysis of the impacts of transportation fuels. In addition, the IRA had appropriated \$10 million to EPA for grantmaking and other activities to support investment in advanced biofuels. Unobligated funds for these initiatives were rescinded in the OBBBA.
- **The AIM Act:** The AIM Act directs EPA to phase down the production and consumption of hydrofluorocarbons (HFC). HFCs are commonly used in applications such as air conditioning, refrigeration, fire suppression and aerosols. The IRA appropriated \$20 million to EPA for monitoring, managing, and phasing out HFC production and consumption. Additionally, the law had previously appropriated \$15 million to EPA for grants for technologies that reclaim and destroy HFCs and \$3.5

million to deploy new implementation and compliance tools. The OBBBA rescinded unobligated balances appropriated under the IRA to implement the AIM Act, including funding for competitive grants created by this legislation.

- **Climate Commitments:** The IRA allocated \$5 million to EPA to support enhanced standardization and transparency of, and progress toward, meeting corporate climate action. The OBBBA rescinded unobligated IRA funds allocated to EPA for (1) enhancing standardization and transparency of corporate climate action commitments and plans to reduce greenhouse gas emissions; (2) enhancing transparency regarding progress toward meeting such commitments and implementing such plans; and (3) progressing toward meeting such commitments and implementing such plans.
- **Environmental Justice Programs:** The IRA appropriated \$2.8 billion to EPA to award grants to community-based nonprofit organizations and an additional \$200 million to provide technical assistance to entities receiving grants. The OBBBA rescinded unobligated funding for environmental and climate justice block grants allocated to disadvantaged communities. The OBBBA also rescinded funding for certain transportation-related environmental matters, including unobligated funding for grants, rebates and loans to help identify and reduce diesel emissions from goods movement facilities and associated vehicles in low-income and disadvantaged communities, and unobligated funds. \$60 million was previously allocated for certain grants and activities to monitor and reduce greenhouse gas emissions and other air pollutants at schools in low-income and disadvantaged communities.

Rescission of Funding for Environmental Reviews and Recovery Plans

The IRA allocated funds to federal environmental agencies for increasing the efficiency of the federal environmental review and approval process and to further study and monitor the impacts of climate change. The OBBBA rescinded funds for certain of these programs.

- **EPA Reviews Generally:** The OBBBA rescinds unobligated funding allocated in the IRA for the development of efficient, accurate and timely EPA reviews in permitting and approval processes. The IRA allocated \$40 million to hire and train personnel, develop programmatic documents, procure technical or scientific services for reviews, develop environmental data or information systems, stakeholder and community engagement, purchase new equipment for environmental analysis, and

develop geographic information systems and other analysis tools, techniques and guidance.

- **National Environmental Policy Act (NEPA) Reviews:** The OBBBA rescinds unobligated funds of the \$32.5 million that IRA provisions allocated to support data collection efforts by the Council on Environmental Quality (CEQ) relating to: (1) disproportionate negative environmental harms and climate impacts; (2) cumulative impacts of pollution and temperature rise; (3) to establish, expand and maintain efforts to track disproportionate burdens and cumulative impacts; and (4) to support efforts to ensure that any mapping or screening tool is accessible to community-based organizations and community members.
- **Endangered Species Act (ESA) Recovery Plans:** The IRA allocated \$125 million funds to the U.S. Fish and Wildlife Service to develop and implement recovery plans under paragraphs (1), (3) and (4) of subsection (f) of Section 4 of the Endangered Species Act, which are conservation programs for threatened and endangered species. The OBBBA rescinds unobligated funds allocated to these recovery plans.

Opt-in Fee Programs to Expedite Environmental Review and Permitting

- **NEPA:** The OBBBA creates a new process under NEPA that gives project sponsors the option to pay a fee to guarantee that a NEPA review will be completed by a set deadline. If the fee is paid, the environmental assessment (EA) must be completed no later than 180 days after the fee payment date and an environmental impact statement (EIS) will be completed no later than one year after the date of publication of the notice of intent to prepare the environmental impact statement. The fee amount is 125% of the anticipated costs to prepare the environmental assessment or environmental impact statement or 125% of the anticipated costs to supervise preparation of the environmental assessment or environmental impact statement if it is being prepared by a project sponsor. These changes are expected to accelerate and streamline NEPA review by expediting timelines for the completion of EAs and EISs. An earlier version of the bill included a provision that would have allowed developers to pay a fee to bypass judicial review – however, that provision was ultimately removed in the final version of the legislation. Moreover, this change follows a series of other significant updates to NEPA including: (1) the D.C. Circuit decision in *Marin Audubon Society v. Federal Aviation Administration* and *Iowa v. Council on Environmental Quality* (2024), which held that the CEQ lacked authority to issue binding regulations to implement NEPA; (2) Executive Order 14154, which directed CEQ to provide guidance on NEPA implementation and propose rescinding regulations; (3) CEQ's final rule rescinding its NEPA regulations, which became

effective in April 2025; and (4) the U.S. Supreme Court's May 2025 decision in *Seven County Infrastructure Coalition v. Eagle County*, which effectively limited the scope of NEPA reviews to the direct impacts of a proposed action.

Looking Ahead

Key environmental changes in the OBBBA include rescinding funding of many environmental programs created by the IRA, which will likely result in the discontinuation of offices and departments within EPA and other federal agencies intended to administer those programs. Additionally, the OBBBA's changes will require federal agencies to issue new rules and guidance regarding environmental programs, including the opt-in fee program created for NEPA.

Looking beyond the OBBBA, on July 22, 2025, the House Appropriations Committee [approved](#) the Fiscal Year 2026 Interior, Environment, and Related Agencies Appropriations Act. The bill will now need to be debated and approved by both houses of Congress. The [Interior, Environment, and Related Agencies Appropriations Bill](#) includes a 23% funding reduction (\$2.1 billion) for EPA. If passed, the House's appropriations bill would significantly reduce funding for EPA's operations and prohibit EPA from using appropriated funds to enforce or implement certain environmental regulations, including certain regulations under the Clean Water Act, Clean Air Act, and certain hazardous waste and pesticide laws. For example, the bill prohibits EPA from using allocated funds to impose the methane fee on oil and gas producers, enforce the Biden EPA's final [Good Neighbor Plan](#) for the 2015 ozone national ambient air quality standards, and advance a Biden-era draft risk assessment of two [per- and polyfluoroalkyl substances \(PFAS\)](#) in biosolids.

The Kirkland team will continue to closely monitor these updates and developments. In the meantime, please reach out to Kirkland's Environmental team with any questions or for further guidance.

Authors

James Dolphin

Partner / Houston

Paul D. Tanaka, P.C.

Partner / Bay Area – San Francisco / Houston

Jonathan E. Kidwell

Partner / Dallas

Emily Tabak

Partner / Salt Lake City

Cheyenne Overall

Associate / Bay Area – San Francisco

Anna Todd

Associate / Houston

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Suggested Reading

- 12 May 2025 Kirkland Alert New EPA Guidance Clarifies When Data Centers and Other Operators May Utilize Emergency Backup Generators to Support Local Power Supply
- 20 May 2024 Kirkland Alert EPA Issues Four Final Rules Targeting Emissions From Power Plants
- 29 April 2024 Kirkland Alert PFAS Update: EPA Designates PFOA and PFOS as Hazardous Substances Under CERCLA

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