



How Federal Changes to Environmental Regulations and Incentives Could Impact New York City

IBO's *Federal Changes, Local Impacts* series is a collection of short reports that examine areas of New York City's budget, economy, and operations that are particularly reliant on federal funding, subject to notable federal policy changes, or both. These reports are intended to inform public discussion by objectively highlighting how federal decisions may affect the City. IBO encourages readers to visit its [website](#) to explore additional topics covered in this series.

Since the One Big Beautiful Bill Act/H.R. 1 was enacted in July 2025, the Trump administration has indicated that, beginning in September, it will refer to the measure as the "Working Families Tax Cut Act." In this report, IBO continues to use the bill's original name.

Introduction

Throughout 2025 the Trump administration has announced several proposals that would end the federal Environmental Protection Agency (EPA)'s ability to regulate greenhouse gases and other air pollutants. This is a major reversal of federal policies intended to combat climate change and air pollution. EPA develops and enforces environmental regulations, conducts scientific research, cleans up contaminated lands, reviews the safety of chemicals, and educates the public and other governmental bodies on environmental issues. EPA generally has the statutory authority to rescind these regulations without congressional approval after soliciting public comments (barring legal challenges).¹ In addition to regulatory changes within EPA, the Trump administration has repeatedly called for Congress to drastically cut the agency's budget.

Separately, the Trump administration has made new challenges to the development of alternatives to fossil fuels. The recently passed One Big Beautiful Bill Act (OBBBA) phases out tax credits solar panel installations and restricts the import of solar panels manufactured overseas. New York City and State have set benchmark goals to increase solar energy production as a central way to reduce greenhouse gas emissions, widely using these tax credits to incentivize solar panel installations. OBBBA also phases out tax credits for zero-emission vehicle purchases (the most common being battery electric vehicles). Federal support for large-scale wind power installations is also now up in the air.

New York City and State have also created climate goals and policies to address risks such as rising sea levels, more severe weather events, extreme flooding, and [climbing urban heat](#). City and State climate change policies aim to reduce greenhouse gas emissions, protect public health and infrastructure, and transition to a clean energy economy. They either complement or build upon the rules set by the Clean Air Act.

In this report, IBO explains the historical purpose of the U.S. Environmental Protection Agency and federal climate policies as they relate to City and State climate goals around reducing greenhouse gas emissions. IBO highlights how certain federal proposals could impact climate initiatives and air quality in New York City and the broader tri-state region. IBO will continue to monitor these and any further developments in federal environmental policy.

Federal Changes to Environmental Standards and Incentives

Proposed Repeals to Pollution Emissions Standards

The Nixon administration established EPA in 1970 to implement national standards for environmental protection based on laws passed by Congress. These laws are often then enforced by state, tribal, and local governments. To protect air quality, EPA enforces and implements the Clean Air Act, which grants the agency broad authority to regulate emissions and establish national air quality standards. This includes controlling emissions from infrastructure like power plants and buildings, regulating motor vehicle emissions, monitoring air quality, providing grants, and conducting research. Regulations are intended to mitigate the harmful societal and ecological impacts of climate change and air pollution.

In March 2025, EPA Administrator Lee Zeldin announced that EPA would pursue 31 actions to roll back or reconsider a wide array of regulations.² In June 2025, the Trump administration specifically proposed to repeal all greenhouse gas emissions standards for power plants under Section 111 of the Clean Air Act. Section 111, part of the 1970 Amendments, requires EPA to set national standards that limit air pollution for industrial facilities.³ Under Section 111, new, modified, or reconstructed factories, power plants, municipal waste incinerators, and landfills must implement the most advanced emission control technologies to legally operate. At the same time, the Trump administration also called to repeal amendments to the 2024 Mercury and Air Toxics Standards (MATS) rule that required shutdowns of certain coal plants.⁴

The following month in July 2025, EPA released a proposal to rescind the 2009 Endangerment Finding. The Endangerment Finding is a determination by EPA which classifies greenhouse gases as pollutants that threaten public health and welfare. The Endangerment Finding grants the EPA the legal authority to regulate greenhouse gases under the Clean Air Act.⁵ Rescinding the Endangerment Finding would eliminate the federal regulatory basis emissions standards for new motor vehicles and buildings.⁶

The EPA plans to issue a final rule on Section 111 by December 2025 after going through the required process of public notice and hearings; the final decision on the Endangerment Finding is expected in January 2026.

Challenges on Development of Alternatives to Fossil Fuels

End of Federal Tax Credits for Solar Panel Installations

When OBBBA passed this past July, its provisions included the expiration of tax credits for solar panel installations created through the 2022 Inflation Reduction Act:

- The [Residential Clean Energy Credit](#) (RCEC): provides a 30% credit for solar installations on residential property. Under OBBBA, the RCEC will be eliminated on December 31, 2025.
- The [Clean Electricity Investment Credit](#) (CEIC): provides a 30% credit for solar installations by businesses and tax-exempt entities, including municipalities like the City of New York. CEIC's value can increase through applicable bonuses such as the Low-Income Communities Bonus Credit and Domestic Content Bonus Credit. Under OBBBA, solar (and wind) installations are ineligible for the CEIC after December 31, 2027.

Relatedly, OBBBA terminated the Greenhouse Gas Reduction Fund, which was also created under the Inflation Reduction Act and provided billions of dollars in investments for clean energy projects (including solar).

New Restrictions on Foreign-Made Solar Panel Materials

OBBBA also limits the percentage of solar panel components that can be sourced from “prohibited foreign entities.” The U.S. Department of Treasury is expected to provide rules on its interpretation of this tax code provision, which largely appears to restrict solar panel materials purchased through Chinese supply chains. Beginning in 2026, no more than 40% of system components can be sourced from prohibited countries, and this limit increases by five percentage points in 2027 (and through 2032 for technologies that are still qualified for CEIC). If a solar panel system's components exceed this percentage, the project will not be eligible for the CEIC. Notably, the U.S. Energy Information Administration's [Today in Energy report](#) states that around 88% of solar panel shipments in the U.S. in 2022 were imports.

Cancellation of Federal Support for Wind Projects

On Jan 20, 2025, President Trump issued a memorandum invoking his authority under the Outer Continental Shelf Lands Act (OCSLA) to withdraw the submerged land off the nation's coasts from being available for new wind-energy leasing.⁷ President Trump also directed the Secretary of the Interior to conduct a comprehensive review of existing wind energy leases on federal lands to assess whether they should be terminated or amended, meaning projects that already have leases could be at risk, depending on the outcome.⁸ Over the summer, the Trump administration canceled \$679 million in federal funding for 12 offshore wind projects across 11 states, including New York.⁹ Broadly speaking, the Clean Air Act Section 111 repeal is part of a larger effort to disincentivize power authorities and the private sector from investing in renewable energy infrastructure, undermining the pace of renewable energy deployment, and increasing costs for state and local governments to expand renewables.

Phase out of Incentives for Zero-Emission Vehicle (ZEV) Adoption

On the first day of the second Trump Administration, the president revoked Biden's 2030 goal of having 50% of all new vehicle sales be zero-emission. The OBBBA then expired the

Electric Vehicle Credit as of October 1, 2025, which offered a tax credit of up to \$7,500 for personal and \$40,000 for commercial vehicles. This sunset is nearly seven years ahead of the original 2032 expiration under the Inflation Reduction Act. It also ends the Section 30C tax credit for EV charging infrastructure after June 30, 2026, making installing public and home chargers more expensive, likely slowing buildout of ZEV infrastructure.

Federal, State, and City Environmental Standards and Goals

EPA sets national standards through the Clean Air Act to limit air pollution and shift away from fossil fuels to more sustainable alternatives. National standards prevent a “race to the bottom” situation where cities or states could lure industry with lax environmental regulations, leading to a build-up of industrial pollution, by requiring every state to meet at least the same floor of minimum standards. New York City and State, like many other states, set more stringent climate goals and policies to reduce greenhouse gas emissions, protect public health and infrastructure, and transition to a clean energy economy. They either complement or build upon the rules set by the Clean Air Act. Some of the more stringent goals set by states require federal permission. Federal proposals, if finalized, would make it more difficult for New York City and State to achieve their climate goals around reducing greenhouse gases and improving air quality in New York City and the broader tri-state region.

State Climate Goals

New York State has several climate goals to reduce emissions from the electric grid, buildings, and transportation. New York State’s [Climate Leadership and Community Protection Act of 2019](#) (CLCPA) requires the State to have 100% carbon-free electricity by 2040, among other greenhouse gas reduction goals. Under CLCPA and other laws, New York State set more restrictive specific emission reduction targets for power plants than federal regulations. For example, in 2020, the New York State Department of Environmental Conservation finalized rules to aggressively limit emissions from peaker plants. Peaker plants run at periods of peak energy demand and generally skew older and can be more polluting than other power plants. There are about 20 peaker plants in and around New York City.¹⁰

In 2024, the New York Independent System Operator (NYISO), the entity responsible for managing New York’s electric grid, reported that 51% of the State’s electrical energy production relied on gas and oil, which produce greenhouse gas emissions. The next largest categories were nuclear (21%) and hydroelectric power (21%), which are both zero-emission sources. The remaining 7% of the State’s electrical energy came from renewable sources such as solar, wind, and waste energy, as shown in Figure 1.¹¹ (Notably, NYISO does not include residential solar when calculating annual energy production.¹²) New York State continues to mandate large-scale procurements of renewable energy, such as offshore wind and solar, to shift from fossil fuels to renewable sources. Additionally, the last coal-fired power plant in New York State shutdown in March 2020, under rules set by the CLCPA.

Beyond generating electricity with fewer emissions, the State also aims to reduce on-site and vehicle emissions from buildings and transportation, respectively, the two sources that produce the most emissions. A major policy aimed to reduce building emissions is the [All-](#)

[Electric Buildings Law](#), passed as part of the 2023 State Enacted Budget. The law requires most newly constructed buildings in New York State to install electric heat and appliances, starting in 2026. Facing legal and political opposition, on November 12, 2025, the Hochul administration announced a delay to the implementation of the law until an appellate court decides on the case. The appellate court has not yet set a date.¹³

New York State is addressing transportation emissions in several ways. [State legislation](#) passed in 2021 requires all new passenger vehicles sold to be ZEVs by 2035, and new medium- and heavy-duty trucks by 2045, backed by financial incentives to boost consumer adoption. To support this shift, the [EVoLve NY program](#) would build fast-charging stations while other initiatives offer grants for businesses and residential buildings to install chargers. Simultaneously, the State is improving public transportation and promoting other low-carbon options like electric school buses, e-bikes, and expanded walking and cycling paths.¹⁴

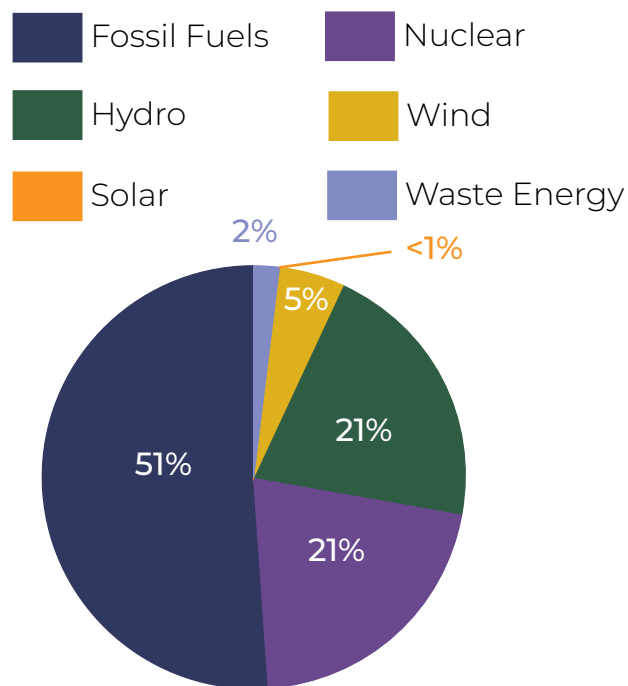
Notably, shifting building systems and vehicles from fossil fuels to electricity increases the demand for electricity, underscoring how these laws and programs interact with New York State's efforts to prioritize clean electricity generation. New York State also has the goal of generating 10 gigawatts of solar energy by 2030. This is an expansion of the CLCPA goal of 6 gigawatts by 2025, which the State achieved ahead of schedule.¹⁵

New York City Climate Goals

New York City has its own climate goals, similarly relating to the electric grid, buildings, and transportation. In 2014, [NYC Local Law 66](#), the City's "80x50 Law," set a mandate to reduce citywide greenhouse gas emissions by 80% by the year 2050, compared with 2005 emissions benchmarks. This was a major step the City took to align with the global Paris Agreement's goal of limiting global temperature rise to 1.5 degrees Celsius. Two years later, the City released its comprehensive [80x50 report](#), which detailed how New York City would transform its buildings, transportation, and waste sectors in order to meet the established greenhouse gas deadlines. Figure 2 shows citywide emissions by major sector from 2005 through 2023, showing the reductions in greenhouse gas emissions to date; buildings and transportation comprise most citywide emissions.

FIGURE 1

New York State 2024 Energy Production by Fuel Source

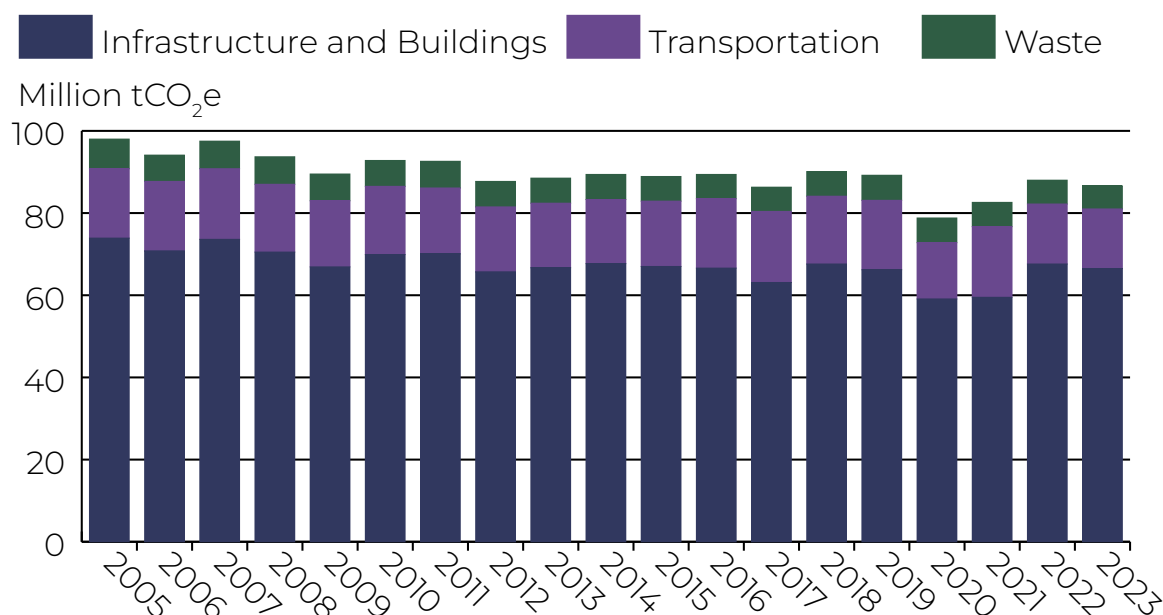


SOURCE: NYISO Annual Grid and Markets Report (2025)
NOTE: "Fossil Fuels" category consists of Dual Fuel (Gas/Oil), Gas, and Oil

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FIGURE 2

New York City Greenhouse Gas Emissions by Sector



SOURCES: NYC Mayor's Office of Climate and Environmental Justice NYC Greenhouse Gas Inventories

NOTES: Million tCO₂e refers to metric tons of carbon dioxide equivalent, a standard unit for measuring greenhouse gas emissions. Infrastructure and Buildings refers to energy from all stationary structures.

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In line with these goals, in 2019 City Council passed the Climate Mobilization Act, which included the landmark [Local Law 97](#). This made the 80x50 target legally enforceable by setting emissions caps for most large buildings, with fines for non-compliance. Buildings covered by Local Law 97 must reduce their carbon emissions by 40% by the year 2030 with the long-term target of full carbon neutrality by 2050. Buildings account for more than two-thirds of citywide greenhouse gas emissions (Figure 2). Local Law 97 requires property owners to improve building efficiency through electrification and upgrades to lighting, heating and cooling systems, and insulation.¹⁶

New York City has established several goals related to expanding its solar panel energy capacity. [Local Law 99](#) of 2024 requires the City to install 100 megawatts (MW) of solar panel capacity on City-owned properties by 2030, and 150 MW by 2035. Expanding solar energy production is an integral component of Local Law 97 compliance efforts citywide. (See IBO's report on the State and City's progress towards solar energy goals.)

The City has also been working to decrease its transportation sector emissions. The City's goals for the transportation sector include cutting its 2005-level emissions in half by 2030 and reaching zero-emissions for nearly all vehicles by 2050. One key strategy is shifting to more sustainable modes of transportation so that 80% of all trips are walking, biking, or public transit by 2050.

The City started assessing its budgeted spending through the lens of investments towards its climate goals, known as Climate Budgeting. While the process is still incomplete and not used for direct decision making in the budgeting process, the City's climate budgeting efforts signal a commitment to strategic investments aligned with its environmental goals.

Impact of Rollbacks to Air Pollution Regulations on New York City

See IBO's explainer [report](#) for further details on data and methodologies used in this report.

Electric Power Generation

The repeal of federal Section 111 standards, which regulate greenhouse gas emissions from power plants, would not directly change the rules that New York's in-state power plants must follow. State power plants are further governed by the CLCPA, the State law that requires carbon-free electricity by 2040. The CLCPA imposes stricter greenhouse gas limits than federal rules, which will still be in place. While New York's in-state generation is increasingly clean, the State is not energy independent. In 2024, 13.6% of New York State's energy was imported from out-of-state grids. Because Section 111 standards serve as a national emissions floor, their repeal would allow states with weaker climate policies to ramp up fossil fuel generation, energy which then feeds into New York State's grid. The Section 111 repeal is part of a larger effort in the Trump administration to disincentivize investment in renewable energy infrastructure, discussed in the next section of this report.

National regulatory rollbacks will potentially delay the closures of peaker plants in New York State. In 2001, New York Power Authority (NYPA) built peaker plants using an emergency measure to prevent blackouts. Many of these peaker plants were constructed in communities that have long endured concentrated pollution.¹⁷ The State's [2023 Build Public Renewables Act \(BPRA\)](#) mandated that NYPA phase out its six New York City natural gas peaker plants by 2030. This law also gave new powers to NYPA to build and finance renewable energy projects and required State-owned properties to run on renewables by 2030 and municipally-owned properties by 2035.

Both [NYPA](#) and [NYISO](#), however, have stated that the Trump administration's tariffs and cancellations of large offshore wind and other renewable projects will delay the transition away from peaker plants. Factors like supply chain disruptions, siting challenges, and slow transmission upgrades mean the State is not bringing enough new, clean energy online to replace all existing grid capacity. As a result, peaker plants could still be needed to prevent blackouts.¹⁸

Vehicle Emissions Standards

The proposed repeal of the Endangerment Finding would specifically repeal greenhouse gas standards for vehicles, which regulate emissions such as Carbon Dioxide (CO₂) and methane. If enacted, the repeal would remove the national vehicle emission standards for new vehicles and curtail states' ability to set their own standards. States like New York and California have historically adopted even stricter standards, allowable because of EPA Vehicle Emissions waivers, which authorize states to enforce stronger vehicle emission rules than those set federally. Three Congressional Review Act resolutions signed by President Trump would invalidate these EPA waivers, if upheld in court.¹⁹

Even if New York State is allowed to keep its waiver, neighboring states that do not enforce similar standards will negatively affect regional air quality and greenhouse gas emissions in the absence of federal standards. New York City and the State Attorney General have joined other states in challenging the proposed repeal of the Endangerment Finding.²⁰

Air Pollution Control

EPA's enforcement of Clean Air Act has led to dramatic reductions in air pollution across the United States. Between 1970 and 2023, national emissions of the six most common pollutants fell by 78%. Despite improvements to local air quality, air pollution remains a leading environmental health risk for New York City.²¹ Particulate exposure contributes to about 3,000 premature deaths, 2,000 hospitalizations, and 6,000 asthma-related emergency visits annually, while ozone pollution contributes another 400 premature deaths.²² These effects are concentrated in lower-income neighborhoods, especially in areas like northern Manhattan and southern parts of the Bronx.²³ This underscores the importance of vehicle emission controls in protecting public health, especially for vulnerable populations.

The EPA's proposed rollback of the MATS, which targeted emissions from coal- and oil-fired power plants, would reverse decades of progress in reducing toxic pollutants such as mercury, hydrochloric acid, arsenic, benzene, and particulate matter.²⁴ Nationally, repealing MATS could result in increased exposure to soot and smog, which has been linked to premature deaths.²⁵ Populations such as children, older adults, lower-income residents, and people with respiratory illness are especially vulnerable.

Additionally, the repeal of the Endangerment Finding would eliminate federal greenhouse gas standards for vehicles, slowing the national transition to ZEVs and keeping gasoline-powered cars on the road longer. This has direct air quality implications for New York City, where tailpipe emissions are a major source of nitrogen oxides (ozone pollution) and airborne particulates, both of which harm respiratory health.²⁶

Impact of Challenges on Development of Alternatives to Fossil Fuels

Solar Panels

In the absence of the federal clean energy tax credits cut in OBBBA, solar installations in New York City will no longer be federally subsidized for residents, businesses, and local government. IBO estimates the extent of this change in solar project costs in the absence of federal tax credits by real estate sector. Figure 3 shows the change in 2025 project costs with and without the RCEC and CEIC tax credits to illustrate the incentive value for current projects. IBO also breaks out use of the tax credits by projects located in disadvantaged communities (DACs), which are eligible for additional subsidies.²⁷ It is difficult to gauge how investment behaviors will ultimately change without the continuing tax credit.

Without the CEIC credits, the cost of solar panel installations for the City's municipal buildings will increase. If the City maintains its 2020 through 2025 average annual rate of adding solar energy capacity to its buildings, IBO estimates the City will have 53 MW of solar energy capacity by January 1, 2028, when the CEIC credits end. The City would then need to add an additional 97 MW to government buildings from 2028 through 2035 to meet its Local Law 99 goal of 150 MW. Without CEIC incentives for this additional 97 MW, IBO estimates that this additional MW capacity would cost \$276 million in City capital

Who Qualifies for Solar Panel Tax Credits?

Using New York State Energy Research and Development Authority (NYSERDA) data, IBO analyzed project costs for completed solar projects in New York City on or after January 1, 2022 through June 30, 2025. (Both the RCEC and CEIC apply to projects completed in this timeframe). These costs were used to determine the total credit value available through the expanded federal credits. (See IBO's [explainer report](#) for further details on data and methodology.) IBO estimates that solar projects in New York City qualified for about \$400 million in federal tax credits. IBO quantified the dollar value of projects it estimates would qualify for the credits but cannot say whether tax filers linked to those investments actually claimed the tax credit. Figure 4 illustrates IBO's estimates of the full incentive values by real estate sector.

IBO estimates that through the RCEC, New York City residential property owners across more than 31,000 projects qualified for \$280 million in federal tax credits for solar installations. Beyond this, IBO estimates that over 1,000 New York City commercial projects qualified for \$105 million federal tax credits through the CEIC—with \$63 million of that accessible to the approximately 700 projects located in disadvantaged communities (DACs).

IBO also paired NYSEERDA data with New York City Department of Citywide Administrative Services (DCAS) Clean Energy Generation [data](#) to estimate the federal incentives that the City government's solar projects qualified for over this period. Based on this analysis, DCAS is eligible to receive approximately \$15 million for 80 completed municipal solar installations through the CEIC's [direct pay](#) provision. This provision permits tax-exempt municipal entities to receive a payment from the federal government equivalent to the full value of the credit. Of these projects, more than 40 are in DACs, accounting for \$10 million in available incentives.

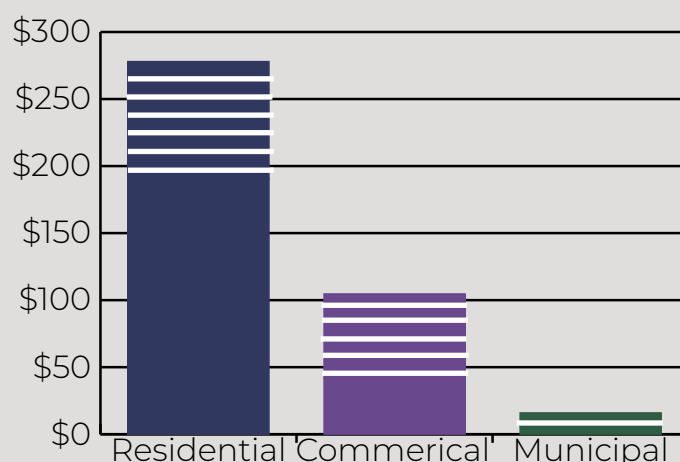
The use of federal tax credit incentives for solar panel installations across residential, commercial, and municipal buildings in recent years underscores how extensive the federal incentive was used citywide.

FIGURE 3

Full Value of Federal Tax Credit Incentives in New York City

Striped bars represent credit amounts available to projects in disadvantaged communities (DACs).

Dollars in millions



SOURCE: IBO analysis of New York State Energy Research and Development Authority and New York City Department of Citywide Administrative Services data
NOTE: Residential projects do not qualify for the Low-Income Communities Bonus Credit, which commercial and municipal projects in disadvantaged communities are eligible for through the CEIC.

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funding, about \$105 million more than the price tag with the federal tax incentives in place.

Wind Energy Projects

In or nearby New York City, EPA has already cancelled five large-scale wind energy projects, and several others are under threat.²⁸

The Mayor's Office of Management and Budget, in its

May 2025 [Climate Budgeting report](#), estimated that federal delays and cancellations of offshore wind projects increased emissions projections by roughly 5%, using the prior year's estimates as a baseline. If the projects were not cancelled, IBO estimates that large-scale wind capacity would have expanded by roughly 6,400 MW, increasing wind's 2025 grid capacity share from 7% to 20%, holding all other energy types equal.

Electric Vehicles

New York State has set a target for 100% of new car sales to be zero-emission vehicles (ZEV) by 2035. But without federal support, this goal becomes harder to achieve. Major automakers like [General Motors](#), [Ford](#), [Stellantis](#), and [Toyota](#) have already scaled back their ZEV investments in response to federal regulation changes.

As for the City, transportation accounted for 17% of NYC's greenhouse gas emissions in 2023 (see Figure 2), and ZEV adoption is critical to reducing this share. The City has a goal to reduce transportation emissions in half by 2030, compared with 2005 levels. This equates to a reduction of 8.4 million metric tons of CO₂ equivalent (tCO₂e), a standard unit for measuring greenhouse gas emissions. To reach this goal, IBO estimates that New York City would need to cut an additional 6 million tCO₂e from 2023 levels, as calculated using [data from Mayor's Office of Climate and Environmental Justice](#).

The repeal of the Endangerment Finding would eliminate federal greenhouse gas standards for vehicles, slowing the national transition to ZEVs and keeping gasoline-powered cars on the road longer. This has direct air quality implications for New York City, where tailpipe emissions are a major source of nitrogen oxides (ozone pollution) and airborne particulates, both of which harm respiratory health.²⁹

Passenger cars comprise 56% of the City's transportation emissions. Without national standards, the ability to create state-level regulations, or a robust ZEV market incentivized

FIGURE 4

New York City Median Solar Project Costs in 2025 With and Without Federal Tax Credits

Sector	With Federal Tax Credit	IBO-Estimated Cost Without Federal Tax Credit	Incentive Value
Residential	\$21,000	\$30,000	\$9,000
Commercial	\$115,400	\$164,800	\$49,400
Commercial in DAC	\$93,600	\$156,000	\$62,400
Municipal	\$400,500	\$572,200	\$171,700
Municipal in DAC	\$323,700	\$539,500	\$215,800

SOURCES: IBO analysis of NYSERDA and DCAS data

NOTE: The median residential solar project cost in 2025 was approximately the same in disadvantaged communities, and residential projects are not eligible for the Low-Income Bonus credit.

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through federal tax credits, the State's goal of making all new car sales ZEVs becomes more challenging to meet. Within its control, the City has invested in infrastructure that incentivizes walking, biking, and mass transit, which support equitable, long-term climate goals without the need for federal approval in most cases.

Conclusion

While New York remains committed to its climate and clean air goals through strong State and City policies, the sweeping rollbacks of federal environmental protections and incentives under the Trump administration threaten to undermine this progress. Federal rollbacks of environmental regulations would weaken national baselines that help govern a standard for air quality. Even if New York State or City had stricter emissions rules, pollution from other jurisdictions is not limited to geographic boundaries and would impact New York. New Yorkers, especially among lower-income communities, older adults, and younger children, are at greater health risks from soot and smog. If left unmitigated, greenhouse gas emissions will continue to warm the planet, and New York City will experience more frequent and longer lasting heat waves along with more extreme weather events.³⁰

Alongside the deregulatory actions, in its May 2025 budget proposals, the Trump administration called for a 54% decrease in EPA's budget relative to last year's funding levels. EPA's fiscal year 2025 enacted budget is approximately \$9.14 billion, 0.13% of the projected total federal budget of \$7.0 trillion. The 2026 EPA budget [proposed by the Trump administration](#) is \$4.16 billion. In inflation adjusted terms, the proposed 2026 funding would be 63% lower than peak agency funding in 2020. EPA's budget has experienced a long-term decline in real (inflation-adjusted) dollars, punctuated by brief increases. In the Continuing Resolution passed in November 2025 to end the federal government shutdown, EPA was funded at 2025 levels through January 2026. EPA will likely face calls for funding reductions in future spending bills, given the emphasis the Trump administration has put on cutting the agency's budget and oversight role.

The abrupt sunset of federal tax incentives for zero-emission vehicles and solar panel installations undercut key financial incentives that steered consumers towards investing in cleaner-energy alternatives. Without federal support, the burden of climate action shifts heavily onto state and local governments, likely making New York City's path to net-zero emissions and cleaner air longer, more expensive, and more inequitable.

IBO will continue to track federal actions and assess their potential fiscal and programmatic impacts on New York City. Recent actions such as the Trump administration's moves to weaken the [Clean Water Act](#) and [Endangered Species Act](#) are evolving. Further details of the federal changes presented in this report and newly developing proposals will help illuminate the impact federal changes may have for New York City specifically.

Endnotes

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- 5 U.S. Environmental Protection Agency (2009, December 15). [40 CFR Chapter I: Endangerment and Cause or Contribute Findings for Greenhouse Gases Under Section 202\(a\) of the Clean Air Act, Final Rule](#).
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- 7 Comay, L. B. (2025, March 11). [Status of U.S. Offshore Wind Leasing and Permitting: President Trump's January 2025 Wind Leasing Memorandum](#) (CRS Product No. IN12509 v.1). Congressional Research Service.
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- 9 Daly, M. (2025, August 29). [Trump administration cuts funding for U.S. offshore wind industry](#). Associated Press.
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- 11 New York Independent System Operator (2024). [2024 Power Trends: A Balanced Energy Future](#).
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- 14 These efforts are funded through various sources, including the [Volkswagen Settlement](#) and the [Environmental Bond Act](#), and will be further reinforced by the development of the [State's Cap-and-Invest](#) program.
- 15 New York State Energy Research and Development Authority [Renewable Energy: Leading New York's Clean Energy Transition](#).
- 16 New York City Office of Management and Budget (2024). [City of New York Executive Budget Fiscal Year 2025, New York City Climate Budgeting](#). Page 56.
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- 19 Dotson, Greg (2025, June 29). [Unbound by Statute: The U.S. Senate, California's Emissions Waivers, and the Congressional Review Act](#), *Yale Journal on Regulation*.
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- 25 U.S. Environmental Protection Agency (2024, April 25). [Biden-Harris Administration Finalizes Suite of Standards to Reduce Pollution from Fossil Fuel-Fired Power Plants](#).
- 26 New York City Department of Health and Mental Hygiene [Air Pollution and the Health of New Yorkers: The Impact of Fine Particles and Ozone](#).
- 27 DAC's were determined by NYSEDA through usage of the Climate and Economic Justice Screening Tool, which was created under the Biden administration to help identify communities that would benefit from the [Justice40 Initiative](#).
- 28 The five cancelled projects are: Beacon Wind 1, expected to generate 1,230 MW in Queens; Empire Wind 2, expected to generate 1,260 MW on Long Island; Attentive Energy One, expected to generate 1,275 MW; Community Offshore One, expected to generate 1,300 MW; and Excelsior Wind, expected to generate 1,350 MW; Total canceled capacity: 6,415 MW.

29 New York City Department of Health and Mental Hygiene [Air Pollution and the Health of New Yorkers: The Impact of Fine Particles and Ozone](#).

30 New York State Department of Environmental Conservation. [Adapting to Extreme Heat in New York State](#).

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