

PULLING THE PLUG:

How Trump's Attacks on Clean Energy Could Turn out the Lights for Small Business

U.S. SENATE COMMITTEE ON SMALL BUSINESS AND ENTREPRENEURSHIP

Ranking Member

EDWARD J. MARKEY



Executive Summary

The Trump administration has launched an all-out assault on clean energy initiatives. This attack shows not only a reckless disregard for our environment, but puts at risk the small businesses driving innovation in the clean energy economy as well as 400,000 new jobs.¹

This report details how federal investments support clean energy small businesses and how the Trump administration's efforts to roll back federal clean energy investments, especially those created and expanded by the Inflation Reduction Act (IRA), will devastate small businesses in the clean energy economy. It discusses the economic impact of small firms driving innovation in the sector, the federal programs they depend on, and how the Trump administration is targeting these businesses. The report also highlights how the "Trump Tariffs" are hurting small businesses in the clean energy sector, and discusses the consequences that businesses on the ground are already feeling.

Key Findings:

- Since Trump was re-elected, small businesses are feeling the pain. Small businesses account for a significant portion of clean energy jobs in the United States, with 75% of energy efficiency workers employed by companies with 20 or fewer employees.²
- In Massachusetts, there are more than 100,000 direct clean energy jobs. More than half of the 7,300 clean energy businesses in the Commonwealth are small firms with 10 or fewer employees; more than 80% have fewer than 50 employees.³
- The Trump administration is undercutting programs critical for small businesses, including freezing Environmental Protection Agency (EPA) and United States Department of Agriculture (USDA) funding, and reinstating caps on Small Business Administration (SBA) 504 Loans which finance improvements that reduce small business energy costs.
- The April 2025 Trump Tariffs limit deployment of clean energy including solar, driving up costs for small- and mid-sized installers and making it harder for them to compete.⁴
- Thousands of rural businesses completed clean energy projects expecting reimbursement through the Rural Energy for America Program (REAP) program, only to have their funding withheld.
- Firms surveyed in 2024 reported concerns they would lose business or be forced to close as a direct result of an IRA repeal.⁵
- Repealing federal clean energy tax credits and funding could threaten or eliminate thousands of jobs and could cost the U.S. \$160 billion in lost GDP.⁶

If Trump's attacks continue, America stands to lose thousands of jobs. By attacking clean energy investments, the Trump administration is undermining the thousands of small businesses that benefit from clean energy, create jobs, and on which communities rely.

¹ *The State of Clean Energy Jobs*, Climate Power (Apr. 30, 2025), <https://climatepower.us/wp-content/uploads/2025/04/April-2025-Clean-Energy-Jobs-Report.pdf> [hereinafter Climate Power].

² *Energy Efficiency Jobs in America 2024*, E2 (2024), <https://building-performance.org/documents/Energy-Efficiency-Jobs-in-America-2024.pdf>.

³ *2023 Massachusetts Clean Energy Industry Report*, Massachusetts Clean Energy Center (2023), <https://www.masscec.com/sites/default/files/documents/2023-Industry-Report-Final.pdf> [hereinafter Massachusetts Clean Energy Center].

⁴ Talya Minsberg, *A Timeline of Trump's On-Again, Off-Again Tariffs*, N.Y. Times (Mar. 13, 2025), <https://www.nytimes.com/2025/03/13/business/economy/trump-tariff-timeline.html>.

⁵ *Businesses on Impact of Arrested IRA Investments*, E2 & BW Research Partnership (Oct. 15, 2024), <https://e2.org/reports/survey-business-impact-of-ira-repeal/> [hereinafter E2 & BW Research Partnership].

⁶ *Repealing Federal Energy Tax Credits Would Cost American Jobs and Increase Household Energy Bills*, Energy Innovation (Mar. 20, 2025), https://energyinnovation.org/wp-content/uploads/National-IRA-Rollback-Update-March-2025_FINAL.pdf [hereinafter Energy Innovation].

Overview of Small Businesses in the Clean Energy Economy

National Overview

Clean energy is one of the fastest growing industries in the United States. Nearly 3.5 million Americans work in clean energy, and the sector is adding jobs three times faster than the overall U.S. workforce.⁷ In fact, clean energy employment increased by 149,000 jobs in 2023, accounting for nearly 60% of all new energy sector jobs.⁸ Small businesses play an especially outsized role in this sector. There are nearly 2.3 million energy efficiency workers in the United States, and 75% of energy efficiency businesses are small businesses with 20 or fewer employees.⁹

Massachusetts Overview

Massachusetts is a national leader in clean energy, with the industry supporting more than 212,775 jobs as of 2023—an 80% increase since 2010.¹⁰ These clean energy jobs represent 2.8% of the state’s workforce and represent more than \$14 billion in total Gross State Product (GSP). The industry is continuing to grow, and to meet the Commonwealth’s 2030 decarbonization goals, Massachusetts will need 38,000 clean energy jobs; according to estimates, 82% of these could be middle- to high-wage positions.¹¹ Small businesses play a major role in the state’s clean energy economy. There are 7,300 clean energy businesses in Massachusetts, 58% of which have 10 or fewer employees. Massachusetts also leads the nation in climate tech startups per capita, with 49 startups per one million residents.¹²

Economic Impacts of IRA Attacks

The IRA is building a clean energy market that reduces risk, increases investments, and encourages economic growth. The IRA both expanded the number of potential clean energy customers and unleashed new sources of capital to supercharge the clean energy economy.

Yet, the Trump administration has frozen IRA funding and terminated hundreds of grants that businesses and communities rely on. These attacks roll back progress and devastate an economy already reeling from the impacts of the Trump Tariffs.¹³ In fact, an October 2024 report on clean energy businesses found that more than half of firms surveyed said they would lose business if the IRA was repealed, 21% said they would be forced to lay off workers, and 27% said they would lose projects or contracts.¹⁴

A Climate Power analysis found that since President Trump was re-elected in November, he has threatened or killed more than 60,000 jobs and canceled or delayed more than \$70 billion in new investments across the country.¹⁵ It is also estimated that repealing federal clean energy tax credits and funding could increase cumulative household energy costs by \$32 billion and cost the United States \$160 billion in lost GDP.¹⁶ In Massachusetts alone, 6,590 jobs and \$200,000 in investments have been threatened or eliminated.¹⁷

⁷ *Clean Jobs America 2024*, E2 (2024), https://cleanjobsamerica.e2.org/wp-content/uploads/2024/09/E2-2024-Clean-Jobs-America-Report_September-17-2024.pdf.

⁸ *2024 U.S. Energy and Employment Jobs Report*, U.S. Dept. of Energy (2024), <https://www.energy.gov/policy/us-energy-employment-jobs-report-user>.

⁹ *Energy Efficiency Jobs in America 2024*, E2 (2024), <https://building-performance.org/documents/Energy-Efficiency-Jobs-in-America-2024.pdf>.

¹⁰ Massachusetts Clean Energy Center, *supra* note 2.

¹¹ *Id.*

¹² *The Geography of Climate Tech: Findings from Powerhouse’s Data*, Powerhouse (Jun. 28, 2023), <https://www.powerhouse.fund/climate-geography>.

¹³ Megan Cerullo, *Trump tariffs raise odds of U.S. recession, Wall Street economists say*, CBS News (Apr. 7, 2025), <https://www.cbsnews.com/news/recession-risk-2025-goldman-sachs-jp-morgan-trump-tariffs/>.

¹⁴ E2 & BW Research Partnership, *supra* note 4.

¹⁵ Climate Power, *supra* note 1.

¹⁶ Energy Innovation, *supra* note 5.

Trump Attacks on Small Businesses

The Climate Bank

The Greenhouse Gas Reduction Fund is a \$27 billion investment from the IRA that leverages private capital to maximize clean energy investments and climate resilience projects nationwide. This includes a \$20 billion climate bank to accelerate clean energy investments, particularly in underserved and climate-impacted communities, by leveraging public funds to attract private capital. This investment was based on the National Climate Bank Act authored by Senator Ed Markey, Senator Chris Van Hollen and Congresswoman Debbie Dingell. The Greenhouse Gas Reduction Fund also includes a \$7 billion Solar for All grant program to install and expand solar projects in low-income communities.

In February 2025, the Trump administration began baselessly attacking the climate bank and fabricating reasons to shut it down. Since mid-February the funding has been frozen and is the subject of ongoing federal court litigation. The Trump administration's attempt to claw back legally obligated funds from the Greenhouse Gas Reduction Fund means that thousands of businesses and communities stand to lose out on investment dollars they were counting on to lower energy bills for families, create jobs, and strengthen our country's energy independence.

Once the funding is restored, the climate bank will benefit thousands of Americans and their communities by lowering energy bills and decreasing the cost of deploying thousands of community-based climate projects. This funding could help new entrepreneurs launch new clean energy businesses or help small businesses make sustainable investments such as purchasing new electric delivery vehicles. The climate bank is projected to leverage \$250 billion in public and private investments while preventing hundreds of millions of metric tons of carbon emissions over ten years.¹⁸

The climate bank will also provide targeted benefits to environmental justice communities. At least 70% of the funds are slated to go to low-income and disadvantaged communities, 20% to rural communities, and more than 5% to tribal communities.¹⁹ Solar for All is projected to benefit an additional 900,000 low-income and underserved families.²⁰

Green Lender Initiative

The SBA's Green Lender Initiative was a 2024 program to increase lending for climate and clean energy-related projects through the SBA's business loan programs. The initiative encouraged lenders to support small businesses' clean energy investments by leveraging SBA loans with the \$20 billion from the Greenhouse Gas Reduction Fund secured in the IRA.²¹ The SBA awarded four new Small Business Lending Company (SBLC) licenses to add nonbank lenders into the 7(a) program—named for section 7(a) of the Small Business Act of 1953—to focus on

¹⁸ *Delivering impact from US green bank financing*, McKinsey (Apr. 20, 2023), <https://www.mckinsey.com/capabilities/sustainability/our-insights/delivering-impact-from-us-green-bank-financing>.

¹⁹ Kristoffer Tigue, *White House Awards \$20 Billion to Nation's First 'Green Bank' Network*, Inside Climate News (Apr. 4, 2024), <https://insideclimatenews.org/news/04042024/biden-administration-green-bank-network-disadvantaged-communities/>.

²⁰ *Solar for All*, U.S. Environmental Protection Agency, <https://www.epa.gov/greenhouse-gas-reduction-fund/solar-all> (last visited Apr. 30, 2025).

²¹ Lauren Zola, *Green Lender Initiative Aims to Grow Funding for Small Businesses' Clean Energy Goals*, The Well News (July 23, 2024), <https://www.thewellnews.com/business/green-lender-initiative-aims-to-grow-funding-for-small-businesses-clean-energy-goals/>.

underserved communities and climate focused projects. The Community Advantage (CA) SBLC program was expanded to increase investments in climate-focused projects by allowing larger CA SBLCs to make loans of up to \$2 million specifically for climate projects, pending SBA approval.²²

Trump's SBA Administrator, Kelly Loeffler, announced the pause of the Green Lender Initiative in her Day One Priorities Memo, saying that it did not "support America's return to energy dominance."²³

Rural Energy for America Program (REAP)

The REAP program can provide guaranteed loan financing and grant funding for agricultural producers and rural small businesses to install renewable energy systems or make energy efficiency improvements.²⁴ Since the program's creation two decades ago, REAP has helped more than 20,000 farmers, ranchers, and rural small businesses cut their energy bills.²⁵ In 2022, REAP received \$2 billion in supplemental appropriations through the IRA.²⁶ In February 2025, Trump's USDA froze this funding for more than 6,000 previously approved grants. Like many federal grant programs, REAP requires grantees to either incur expenses and use their funding for reimbursement, or submit requests for advances from the USDA.²⁷

These 6,000 grant recipients were guaranteed funding, and had begun work on their projects expecting reimbursement, only for the Trump administration to pull the rug out from under them.²⁸

"I've lost my trust in the USDA at this point," said Laura Resnick, a flower farmer approved for a REAP grant to install solar panels. She was told her funding was being withheld after she had already spent the money. "Our project is complete, so we can't change the scope of it."

The Trump administration's attack on the REAP program's IRA funding left more than 6,000 small business owners and farmers high and dry. Without the funding they were guaranteed, these business owners face continued hardship and may be forced to scale back operations or even close. Although some recipients are reported to have received their funding, it is unclear if others will be able to access to their funds.

²² *Id.*

²³ Press Release, SBA Administrator Loeffler Issues Memo on Day One Priorities, U.S. Small Bus. Admin. (Feb. 24, 2025), <https://www.sba.gov/article/2025/02/24/sba-administrator-loeffler-issues-memo-day-one-priorities>.

²⁴ *Rural Energy for America Program Renewable Energy Systems & Energy Efficiency Improvement Guaranteed Loans & Grants*, U.S. Dept. of Ag., <https://www.rd.usda.gov/programs-services/energy-programs/rural-energy-america-program-renewable-energy-systems-energy-efficiency-improvement-guaranteed-loans> (last visited May 1, 2025).

²⁵ Press Release, Farming, Environmental Groups Call on Congress to Fund Rural Clean Energy Program, Environmental Law & Policy Center (Apr. 22, 2022), <https://elpc.org/news/farming-environmental-groups-call-on-congress-to-fund-rural-clean-energy-program/>.

²⁶ Anthony F. Pipa & Adam Aley, *The Rural Energy for America Program primarily benefits Republican congressional districts*, Brookings (Apr. 24, 2025), <https://www.brookings.edu/articles/the-rural-energy-for-america-program-primarily-benefits-republican-congressional-districts/>.

²⁷ Compl. for Decl. & Inj. Relief, *Butterbee Farm v. U.S. Dep't of Ag.*, No. 1:25-cv-00737 (D.D.C. March 13, 2025).

²⁸ Ames Alexander et al., *Farmers in Trump country were counting on clean energy grants. Then the government moved the goalposts.*, Floodlight News (Mar. 26, 2025), <https://floodlightnews.org/farmers-in-trump-country-were-counting-on-clean-energy-grants-then-the-government-moved-the-goalposts/>.

IRA Clean Energy and Efficiency Tax Credits: What's at Stake

To help pay for tax cuts for the wealthiest Americans, Republicans in Congress are threatening to eliminate clean energy tax credits that benefit small businesses. The IRA provided tax credits for businesses and families to deploy clean energy and energy efficiency technologies. Tax credits that benefit small business include:

- **Clean Electricity Investment Tax Credit (48E):** A technology-neutral tax credit for investment in facilities that generate clean electricity.
- **Clean Electricity Production Tax Credit (45Y):** A technology-neutral tax credit for production of clean electricity.
- **Advanced Energy Project Credit (48C):** A \$10 billion investment tax credit to build clean technology manufacturing facilities.
- **Advanced Manufacturing Production Credit (45X):** A per-unit tax credit for domestic production of clean energy components, such as solar panels, wind turbines, and batteries.
- **Energy Efficient Home Improvement Credit (25C):** A tax credit for installing energy-efficiency improvements in residential homes, including insulation, efficient windows and doors, and electric heat pumps that provide efficient heating and cooling.
- **Residential Clean Energy Credit (25D):** A tax credit for purchasing and installing residential clean energy equipment, including rooftop solar, geothermal heat pumps, and batteries.
- **Energy Efficient Commercial Buildings Deduction (179D):** A tax deduction for the cost of energy efficiency improvements to commercial buildings, including lighting systems and heating, cooling, ventilation, and hot water systems. This credit supports small businesses that are transitioning to energy efficient systems in their commercial buildings.

From the IRA's clean energy and energy efficiency tax credits, nearly 100,000 taxpayers in Massachusetts took home \$231 million in 2023.²⁹ Massachusetts residents claimed \$149 million in residential clean energy credits and \$82 million in energy efficient home improvement tax credits for rooftop solar, batteries, home insulation, windows and skylights, central air conditioners, doors, heat pumps, and heat pump water heaters.

504 Green Loan Program

SBA's 504 loan program—named for section 504 of the Small Business Investment Act of 1958—exists to create jobs, spur economic development, and meet energy reduction goals. The program offers long-term loans of up to \$5.5 million, including “Green Loans” for clean energy and energy efficiency projects. Loans may be used for projects that reduce business energy consumption by at least 10% or generate more than 15% of renewable energy used.³⁰ 504 Green Loans were capped at a maximum of three loans per borrower totaling no more than \$16.5 million. The Biden administration removed this cap in April 2024, and the Trump administration reinstated it one year later.

²⁹ *SOI tax stats - Clean energy tax credit statistics*, IRS, <https://www.irs.gov/statistics/soi-tax-stats-clean-energy-tax-credit-statistics> (last visited May 1, 2025).

³⁰ *SOP 50 10 contains SBA's loan origination policies and procedures governing the 7(a) and 504 loan programs*, U.S. Small Bus. Admin. (June 1, 2025), <https://www.sba.gov/document/sop-50-10-lender-development-company-loan-programs>.

Hotels on Cape Cod have used SBA 504 Green Loans to put solar panels on roofs to save on electricity costs and conserve cashflow, helping them survive the slow winter season.³¹

SBA Disaster Assistance

Extreme weather is affecting communities and businesses across the country. To provide support after declared disasters, SBA offers long-term, low-interest, direct loans to homeowners, renters, small business owners, and certain nonprofits. If eligible, borrowers can receive an additional 20% on top of their loan to protect their home or business against future damage, for example, by raising homes in flood-prone areas or installing fire-rated roofs in areas with frequent wildfires. As the climate crisis worsens and extreme weather events become more frequent and severe, helping communities recover and build back stronger will be more important than ever.³²

The Trump administration, however, has denied states federal disaster relief, proposed reforms to make it much harder for communities to qualify for federal disaster aid, and withheld disaster recovery funding for political purposes.³³

This fiscal year, SBA has approved 43,175 disaster loans for a total of \$4.4 million to date.³⁴ To secure disaster loans with a low interest rate, business and homeowners must show they are unable to secure credit elsewhere. For these borrowers, SBA disaster assistance is the only option to finance their recovery. By withholding federal disaster recovery funding, the Trump administration is directly targeting thousands of small business owners and homeowners facing increasingly severe weather events fueled by the climate crisis.

State Trade Expansion Program (STEP)

The State Trade Expansion Program (STEP) provides grants to small businesses to overcome challenges in exporting their goods.³⁵ Using STEP funding, small businesses can participate in foreign trade missions, design international marketing campaigns, pay fees for translation services, and more.³⁶ Many businesses that have received STEP grants are in the clean energy sector, including at least 18 in Massachusetts.³⁷

SolarOne Solutions, a STEP recipient and Massachusetts Export Center client, is one example of a small firm in the clean energy industry that is driving innovation and relies heavily on exporting its product. Each SolarOne lamp is a self-contained lighting system independent of

³¹ E-mail from Mary Mansfield, President and CEO of Bay Colony Development Organization, to Michael Massiwer, Senior Legislative Assistant, Office of Senator Edward J. Markey (Apr. 30, 2025).

³² Adam Smith, *2024: An active year of U.S. billion-dollar weather and climate disasters*, National Oceanic and Atmospheric Administration (Jan. 10, 2025), <https://www.climate.gov/news-features/blogs/beyond-data/2024-active-year-us-billion-dollar-weather-and-climate-disasters>.

³³ Hanna Kang & Kaitlyn Schallhorn, *California wildfire aid will come with strings, President Trump's aide says*, The Sun (Feb. 21, 2025), <https://www.sbsun.com/2025/02/21/california-wildfire-aid-will-come-with-strings-president-trumps-aide-says/>.

³⁴ *Disaster Summary Report*, U.S. Small Bus. Admin., <https://careports.sba.gov/views/DisasterSummary/Report> (last visited May 5, 2025).

³⁵ *SBA's STEP Program*, U.S. International Trade Admin., <https://www.trade.gov/step-program> (last visited May 1, 2025).

³⁶ *State Trade Expansion Program (STEP)*, U.S. Small Bus. Admin., <https://www.sba.gov/funding-programs/grants/state-trade-expansion-program-step> (last visited May 1, 2025).

³⁷ E-mail from Jeevan Ramapriya, Executive Director, Mass. Office of International Trade and Investment, to Sujin Kim, Professional Staff Member, Senate Committee on Small Business (Apr. 11, 2025).

electrical grids. The lamps allow communities without developed power grids to bypass the investment of time and funding in building the infrastructure typically required before services can reach residents.³⁸

STEP was included on the Trump administration's January 2025 list of federal programs under review.³⁹ Even programs like STEP that are not explicitly intended for clean energy businesses are essential to industry development. Any attacks on these programs put small businesses at risk.

Conclusion

Small businesses are a driving force behind America's clean energy economy—creating jobs, fueling innovation, and strengthening local economies. Small businesses also play a crucial role in the development of renewable energy and the health and well-being of our environment. Federal investments, especially through the IRA, are contributing to a clean energy boom, helping the industry grow three times faster than the overall economy and adding thousands of new jobs.

Small businesses are the backbone of this growth and leaders of clean energy innovation. But the Trump administration is denying them the support and capital they need to keep pushing American innovation forward, by gutting key federal programs including REAP and 504 Green Loans, and imposing crushing tariffs.

We must fight back, support the small businesses leading clean energy innovation, and secure our collective climate future.

³⁸ *SolarOne Solutions, Inc.*, Massachusetts Small Business Development Center Network, <https://www.msfdc.org/solarone.html> (last visited May 2, 2025).

³⁹ The Upshot Staff, *Which Federal Programs Are Under Scrutiny? The Budget Office Named 2,600 of Them.*, N.Y. Times (Jan. 28, 2025), <https://www.nytimes.com/interactive/2025/01/28/upshot/federal-programs-funding-trump-omb.html>.