



## Direct Pay to Claim Federal Clean Energy Incentives

On March 7, 2024, the U.S. Dept. of the Treasury and the Internal Revenue Service finalized the rules for direct pay to claim clean energy incentives.

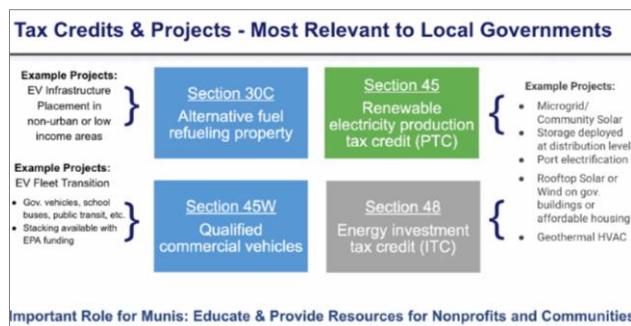
This is important because, for first time, tax-exempt organizations can tap into credits to develop, own, and operate their own clean energy assets. This will help local governments and other organizations shape and build a clean energy economy that meets local needs, including workforce development.

### Clean Energy Tax Credits

The Inflation Reduction Act provides clean energy tax credits for specific entities that invest in and produce clean energy. These clean energy tax benefits are available to entities that have been historically excluded from claiming them, such as state, local, and Tribal governments; non-profit organizations; U.S. territories; and other tax-exempt entities like schools, hospitals, and places of worship.

Qualifying entities can receive tax credits as direct payments from the Internal Revenue Service, streamlining these entities' access to key incentives and supporting their investments in local communities.

Some of the credits relevant to local governments are shown in this slide from the [Center for American Progress](#).



*"The Inflation Reduction Act's new tools to access clean energy tax credits . . . will act as a force multiplier, bringing governments and nonprofits to the table. . . . More clean energy projects will be built quickly and affordably, and more communities will benefit from the growth of the clean energy economy."*

Janet L. Yellen  
Secretary of the Treasury

### Learn More

#### Internal Revenue Service

- [Overview of Elective Pay & Transferability](#)
- [Elective Pay & Transferability FAQs](#)
- [Pre-Filing Registration User Guide](#)
- [Walk-Through of Pre-Registration Portal](#)

#### U.S. Dept. of Treasury

- [Guidance to Build out U.S. Clean Vehicle Charging Infrastructure](#)
- [How the Inflation Reduction Act's Tax Incentives Ensure All Americans Benefit from Growth of the Clean Energy Economy](#)
- [Guidance on Provisions to Expand Reach of Clean Energy Tax Credits Through President Biden's Investing in America Agenda](#)

#### Office of Energy, Justice and Equity

- [Low-Income Communities Bonus Credit Program Office of Energy Justice and Equity](#)

#### U.S. Dept. of Energy

- [Energy Community Mapping Tool - Tax Credit Bonus](#)

#### Center for American Progress

- [How Cities Can Take Advantage of Direct Pay](#)

#### Lawyers for Good Government

- [Elective Pay & IRA Tax Incentives Resources](#)
- [Regulations & Guidance from IRS & Treasury](#)

