



Direct Pay to Claim Federal Clean Energy Incentives

On March 5, 2024, the U.S. Dept. of the Treasury and the Internal Revenue Service finalized rules so tax-exempt organizations can claim clean energy incentives through direct payment.

These benefits will be available to entities that have been excluded from claiming clean energy incentives, such as state, local, and Tribal governments; nonprofit organizations; and other tax-exempt entities like schools, hospitals, and places of worship.

For first time, these entities can tap into credits to develop, own, and operate their own clean energy assets so they can 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 tax-exempt entities that invest in and produce clean energy. Qualifying entities can receive tax credits as direct payments from the Internal Revenue Service, streamlining 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](#).

Tax Credits & Projects - Most Relevant to Local Governments

<p>Example Projects: EV Infrastructure Placement in non-urban or low income areas</p>	<p>Section 30C Alternative fuel refueling property</p>	<p>Section 45 Renewable electricity production tax credit (PTC)</p>	<p>Example Projects: • Microgrid/ Community Solar • Storage deployed at distribution level • Port electrification • Rooftop Solar or Wind on gov. buildings or affordable housing • Geothermal HVAC</p>
<p>Example Projects: EV Fleet Transition • Gov. vehicles, school buses, public transit, etc. • Stacking available with EPA funding</p>	<p>Section 45W Qualified commercial vehicles</p>	<p>Section 48 Energy investment tax credit (ITC)</p>	

Important Role for Munis: Educate & Provide Resources for Nonprofits and Communities

“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

The White House

- [Direct Pay Through the Inflation Reduction Act](#)

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](#)

U.S. Dept. of Energy

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

