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Clean Energy, Real Savings
Governments Turning IRA Tax Credits into Action

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Learning Objectives

1

Identify the key Inflation Reduction Act clean energy tax credit provisions available to state and local government entities

2

Explain the process for filing elective payment claims with the IRS, including required forms, registration procedures, and critical filing deadlines

3

Recognize common compliance pitfalls and practical strategies to streamline the credit claim process and enhance the value of available incentives

4

Recall real-world examples and lessons learned from government entities that have successfully claimed IRA clean energy credits

Speakers

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Inflation Reduction Act (IRA) Snapshot

- Created and modified a number of renewable energy credits as well as financing programs
- Created new monetization options for tax-exempt and taxable entities
- Section 6417 provides an elective pay option (i.e., cash refund) for:
    - Tax-exempt organizations
    - State and local governments (all levels)
    - Tribal governments
    - Rural electric cooperatives

OBBBA Legislative Changes

Wind and solar ITC (48E) and PTC (45Y)	PIS by 12/31/2027 if construction starts after 7/4/2026. New Beginning of Construction guidance issued.
Section 30C EV infrastructure credit	Repealed for property PIS after 6/30/2026.
Section 45W EV credit	Repealed for EVs purchased after 9/30/2025.
Section 45U zero-emission nuclear credit	Retains original termination date of 12/31/2032.
Section 45V clean hydrogen credit	Terminates for construction beginning after 12/31/2027.
Section 45X manufacturing credit	Added metallurgical coal to list of critical minerals. Terminates credit for wind components as of 12/31/2027.
Section 45Z biofuel credit	Extends credit to 12/31/2029. Feedstock restrictions for biofuel sold after 12/31/2025.

ITC vs. PTC

Investment tax credit (Sections 48 and 48E)

- Based on a percentage of the cost of qualified property
- 6% base credit
- Increases to 30% if:
  - Prevailing wage and apprenticeship (PWA) is met,
  - Construction started prior to Jan. 29, 2023, or
  - System is less than 1 megawatt (does not apply to all ITC property)

Production tax credit (Sections 45 and 45Y)

- Based on the amount of electricity produced for the year
- Also has increased credit amount is PWA is met

Foreign Entities of Concern

- Generally applicable to tax years beginning after 7/4/2025
- Could negate entire credit claim
- Will require additional/extensive analysis before claiming or transacting credits
- FEOC provisions apply at project and taxpayer/ownership levels
- FEOCs include:
  - *Foreign-influenced entities*
  - *Specified foreign entities*

Bonus Credits and Reductions

Bonus

- Prevailing wage and apprenticeship, for projects > 1MW
- Low-income community
- Energy community
- Domestic content

Reductions

- Excess benefit
- Failure to meet domestic content, for projects > 1MW
- FEOC noncompliance

Filing for Elective Pay Credits and Refunds

Must be claimed on a timely filed return (including extensions). Cannot be claimed on an amended return.

Must be filed on Form 990-T by due date along with:

- Form 3800 (General Business Credit)
- Applicable credit forms and registration info
- State and local governments that do not file a tax return will need to file a Form 990-T for this limited purpose

Entities that have never filed can elect a different fiscal year end.

Thank you!

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