

BUILDINGENERGY BOSTON

IRA One Year In: The Fast-Evolving Facts of the Inflation Reduction Act

Jacob Goldman (Energy Tax Savers)

Curated by Fred Davis (Fred Davis Corp.) and Nick Pittman (Fenway CDC)

Northeast Sustainable Energy Association (NESEA) | March 20, 2024

Index

- **IRA enhanced Alternative Energy Credits(\$48 ITC)**
- **§48E starts in 2025**
- **5-yr MACRS and Bonus Depreciation**
- **Time Value of Money**
- **IRA enhanced §179D**
- **IRA enhanced Alternative Fuel Refueling Credit (\$30C)**
- **Qualified Commercial Clean Vehicles(\$45W)**
- **Prevailing Wage & Apprenticeship**



jacob.goldman@energytaxsavers.com

Subject : "Please send the slides"

Energy Tax Incentives in the IRA

SEC. 13101. EXTENSION AND MODIFICATION OF CREDIT FOR ELECTRICITY PRODUCED FROM CERTAIN RENEWABLE RESOURCES – Section 45	SEC. 13401. CLEAN VEHICLE CREDIT – Section 30D
SEC. 13102. EXTENSION AND MODIFICATION OF ENERGY CREDIT - Section 48	SEC. 13402. CREDIT FOR PREVIOUSLY-OWNED CLEAN VEHICLES – Section 25E
SEC. 13103. INCREASE IN ENERGY CREDIT FOR SOLAR AND WIND FACILITIES PLACED IN SERVICE IN CONNECTION WITH LOW-INCOME COMMUNITIES – Section 48	SEC. 13403. QUALIFIED COMMERCIAL CLEAN VEHICLES – Section 45W
SEC. 13104. EXTENSION AND MODIFICATION OF CREDIT FOR CARBON OXIDE SEQUESTRATION – Section 45Q	SEC. 13404. ALTERNATIVE FUEL REFUELING PROPERTY CREDIT – Section 30C
SEC. 13105. ZERO-EMISSION NUCLEAR POWER PRODUCTION CREDIT – Section 45U	SEC. 13501. EXTENSION OF THE ADVANCED ENERGY PROJECT CREDIT – Section 48C
SEC. 13201. EXTENSION OF INCENTIVES FOR BIODIESEL, RENEWABLE DIESEL AND ALTERNATIVE FUELS Section 40A	SEC. 13502. ADVANCED MANUFACTURING PRODUCTION CREDIT – Section 45X
SEC. 13202. EXTENSION OF SECOND GENERATION BIOFUEL INCENTIVES – Section 40	SEC. 13701. CLEAN ELECTRICITY PRODUCTION CREDIT – Section 45Y
SEC. 13203. SUSTAINABLE AVIATION FUEL CREDIT – Section 40B	SEC. 13702. CLEAN ELECTRICITY INVESTMENT CREDIT – Section 48E
SEC. 13204. CLEAN HYDROGEN – Section 45V	SEC. 13703. COST RECOVERY FOR QUALIFIED FACILITIES, QUALIFIED PROPERTY, AND ENERGY STORAGE TECHNOLOGY - Section 168(e)(3)(B)
SEC. 13301. EXTENSION, INCREASE, AND MODIFICATIONS OF NONBUSINESS ENERGY PROPERTY CREDIT – Section 25C	SEC. 13704. CLEAN FUEL PRODUCTION CREDIT – Section 45Z
SEC. 13302. RESIDENTIAL CLEAN ENERGY CREDIT – Section 25D	SEC. 13801. ELECTIVE PAYMENT FOR ENERGY PROPERTY AND ELECTRICITY PRODUCED FROM CERTAIN RENEWABLE RESOURCES, ETC –
SEC. 13303. ENERGY EFFICIENT COMMERCIAL BUILDINGS DEDUCTION - Section 179D	SEC. 6417. ELECTIVE PAYMENT OF APPLICABLE CREDITS
SEC. 13304. EXTENSION, INCREASE, AND MODIFICATIONS OF NEW ENERGY EFFICIENT HOME CREDIT – Section 45L	SEC. 6418. TRANSFER OF CERTAIN CREDITS.

Alternative Energy Credits-§48, ITC (2022-...)

Technology	Base Credit	5x Bonus Credit (2022)	Domestic Content (2023)	Energy Community (2023)	Low Income (2023)	Range
Solar Technologies (2022)	6%	30%	2%/10%	2%/10%	10%/20%	6%-70%
Small Wind (2022)	6%	30%	2%/10%	2%/10%	10%/20%	6%-70%
Ground Source Heat Pump (2022)	6%	30%	2%/10%	2%/10%	0%	6%-50%
Microturbine	2%	10%	2%/10%	2%/10%	0%	2%-30%
CHP (2022)	6%	30%	2%/10%	2%/10%	0%	6%-50%
Microgrid Controller (2023)	6%	30%	2%/10%	2%/10%	0%	6%-50%
Standalone Energy Storage Systems (2023)	6%	30%	2%/10%	2%/10%	0%	6%-50%
Thermal Energy Storage Systems (2023)	6%	30%	2%/10%	2%/10%	0%	6%-50%
Fuel Cell (2022)	6%	30%	2%/10%	2%/10%	0%	6%-50%
Geothermal Electricity(2022)	6%	30%	2%/10%	2%/10%	0%	6%-50%
Biogas (2022)	6%	30%	2%/10%	2%/10%	0%	6%-50%
Waste Energy Recovery Electricity (2022)	6%	30%	2%/10%	2%/10%	0%	6%-50%
Interconnection Property (2023)	6%	30%	2%/10%	2%/10%	0%	6%-50%
Electrochromic Glass (2023)	6%	30%	2%/10%	2%/10%	0%	6%-50%

Elective Pay

(§6417 (2023-...)(Prop. Reg. §1.6417))

- **Entities Eligible for Elective Pay**

- “(i) any organization exempt from the tax imposed by subtitle A,
- “(ii) any State or political subdivision thereof, (**NOT FEDERAL PROJECTS**)
- “(iii) the Tennessee Valley Authority,
- “(iv) an Indian tribal government (as defined in § 30D(g)(9)),
- “(v) any Alaska Native Corporation (as defined in section 3 of the Alaska Native Claims Settlement Act (43 U.S.C. 1602(m)), or
- “(vi) any corporation operating on a cooperative basis which is engaged in furnishing electric energy to persons in rural areas.

- **Pre-registration REQUIRED – Done after placed in service** (Prop. Reg. §1.6417-5T)

- **Up to a 15% haircut for projects paid for with Tax-Exempt Bonds** §48(a)(4) → §45(b)(3)

- **2 Ways to avoid 10%(2024), 15%(2025), 100%(2026) Haircut** (§48(a)(13) → §45(b)(10)) (§48E(d)(5) → §45Y(g)(12))

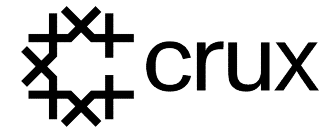
1. <1MW (3.4 mmBTU/hr Heating and 284 Tons cooling) or
2. Meets Domestic Content or

Projects Completed in 2023?

Credit Transfer

(§6418 (2023-...)(Prop. Reg. §1.6418))

- **Tax credit from commercial clients can be Transferred to other Commercial Clients**
 - If credit receiver does not have tax capacity, they can sell the credit to a taxpayer that does
 - This does **NOT** allow Gov't Buildings/Not-for-Profits to sell the credit
 - Pre-registration REQUIRED – Done after placed in service (Prop. Reg. §1.6418-5T)
 - Markets will be created



BLUE PLANET CREDITS



CommonForge

5 Times Bonus (6% x 5 = 30%) (2022-...)

- Projects that begin Construction prior to January 29, 2023
- Project with a Nameplate capacity(40 CFR 96.202) of less than 1 MW AC
 - 3.4 mmBTU/hr Heating and 284 Tons cooling For thermal energy equipment it is the maximum deliverable thermal output
 - This Exclusion NOT available for electrochromic glass, microgrid, fiber optic solar lighting
- Meets the Prevailing Wage and Apprenticeship (P+A) Requirements (REG-100908-23)
or
 - 5 years of Alteration and Repair must also meet PW&A Requirements
 - (§1.48-13 → [§1.45-7(b)-(d) Prevailing wage & §1.45-8 Apprenticeship & §1.45-12 Records])
 - ANNUAL statement must be made related to the 5 year Alteration and Repair period

Definition of Single Energy Property

Proposed Regulation 2023-25539

- Owned by a single taxpayer and any two or more of the following factors:
 1. Contiguous pieces of land;
 2. Common power purchase, thermal energy, or other agreements;
 3. Common intertie;
 4. Common substation, or thermal energy off-take point;
 5. One or more common environmental/regulatory permits;
 6. Single master construction contract; or
 7. Financed pursuant to same loan agreement

Domestic Content Bonus (2023-...)

(IRS Notice 2023-38)

- 100% of the cost of Structural steel and iron and
- 40% of manufactured product (49 CFR § 661.5) is produced in USA
 - Calculated on the entire ITC Qualifying project
 - Calculated on Manufacturer's Cost (Will this be difficult?)
- 2% Bonus (6% + 2% = 8%)
- If project meets 5x Bonus requirements, 10% Bonus (30% + 10% = 40%)

Energy Community Bonus (2023-...)

(IRS Notices 2023-29, 2023-45, 2023-47)

- 5 4 Ways to Qualify

- Brownfield Site (42 U.S.C. 9601(39))

- (https://cimc.epa.gov/ords/cimc/f?p=cimc:map:::71:P71_WELSEARCH:NULL|Cleanup|||true|false|false|false|false|false||sites|Y) OR

- Census Tract or adjoining tract with a Coal Mine closed since 2000 or

- Census Tract or adjoining tract with Coal Fired plant closed since 2010 or

- Area with 0.17% direct employment related to Coal, Oil or NG and higher than avg unemployment (**Based on Start of Construction**) or

- ~~– Area with 25% tax revenue related to Coal, Oil or NG and higher than avg unemployment~~

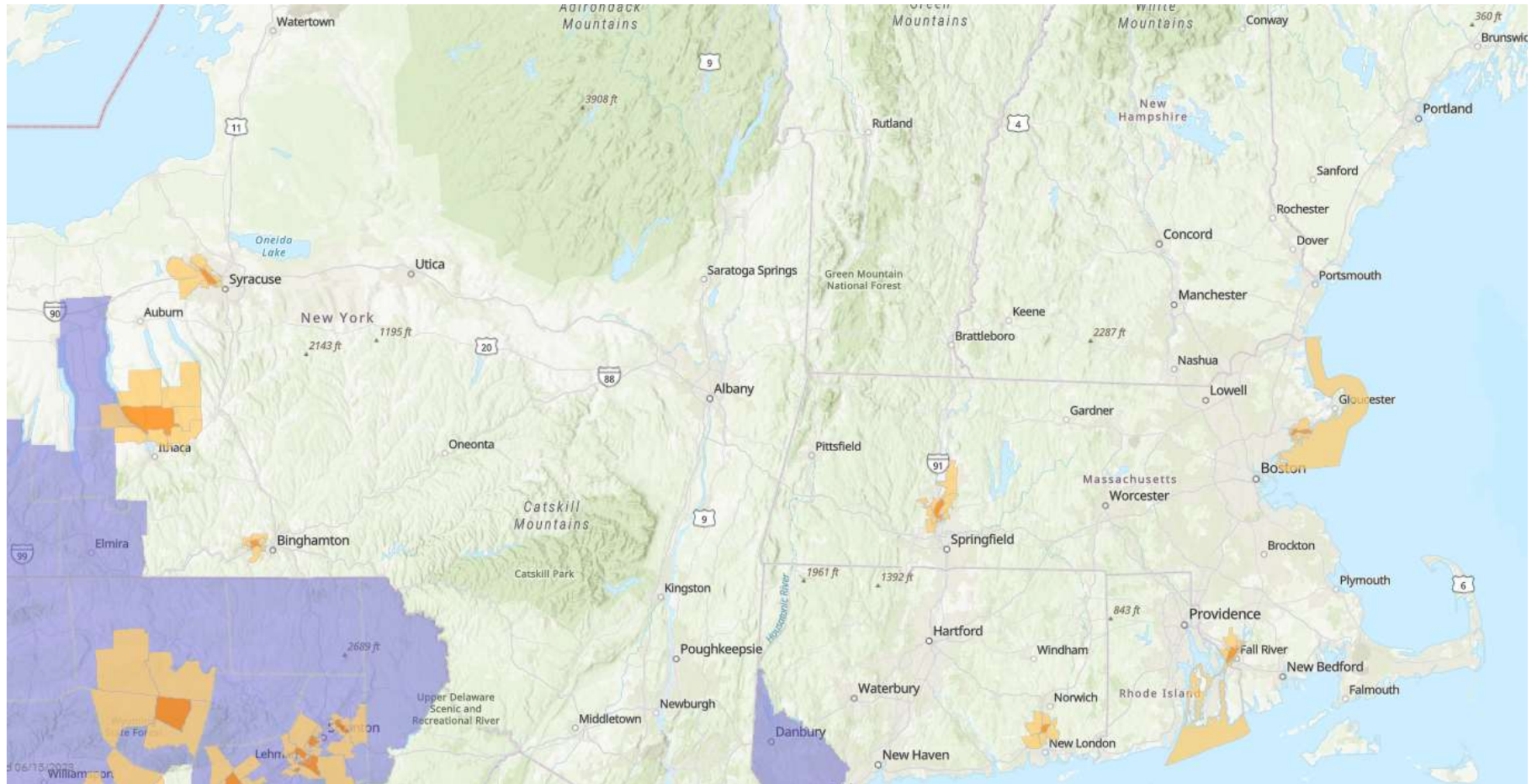
- 2% Bonus (6% + 2% = 8%)

- If project meets 5x Bonus requirements, 10% Bonus (30% + 10% = 40% + 10% Domestic = 50%)

- Official IRS Site:

- <https://arcgis.netl.doe.gov/portal/apps/experiencebuilder/experience/?id=a2ce47d4721a477a8701bd0e08495e1d>

Map of Energy Communities



<https://arcgis.netl.doe.gov/portal/apps/experiencebuilder/experience/?id=a2ce47d4721a477a8701bd0e08495e1d>

Low Income (2023 & 2024)

(REG-110412-23)(IRS Notice 2023-17)

- Solar and Wind
 - Battery Backup if included with
- Requires Pre-Application (<https://eco.energy.gov/ejbonus/s/>)
- 1.8 gigawatts of direct current allocated per year
- 30 Day Application Window
- Must be UNDER CONTRACT but **NOT** PLACED IN SERVICE

Category	Annual Allotment	Credit	Application Period
1: Located in a Low-Income Community	490 MW BtM 210MW FtM	10%	2 nd Qtr 2024
2: Located on Indian Land	200 MW	10%	2 nd Qtr 2024
3: Qualified Low-Income Residential Building Project	200 MW	20%	2 nd Qtr 2024
4: Qualified Low-Income Economic Benefit Project	700 MW	20%	2 nd Qtr 2024

Low Income Bonus

(REG-110412-23) (IRS Notice 2023-17)

➤ **1: Located in a Low-Income Community* (10% credit)**

- Census Tract Poverty rate >20% or
- Non-Metro – Census Tract Median Family income <80% of State
- Metro – Census Tract Median Family income <80% of State or Metro Area

➤ **2: Located on Indian Land (10% credit)** ([25 United States Code 3501\(2\)](#))

➤ **3: Qualified Low-Income Residential Building Project (20% credit)** (<https://www.energy.gov/media/302641>)

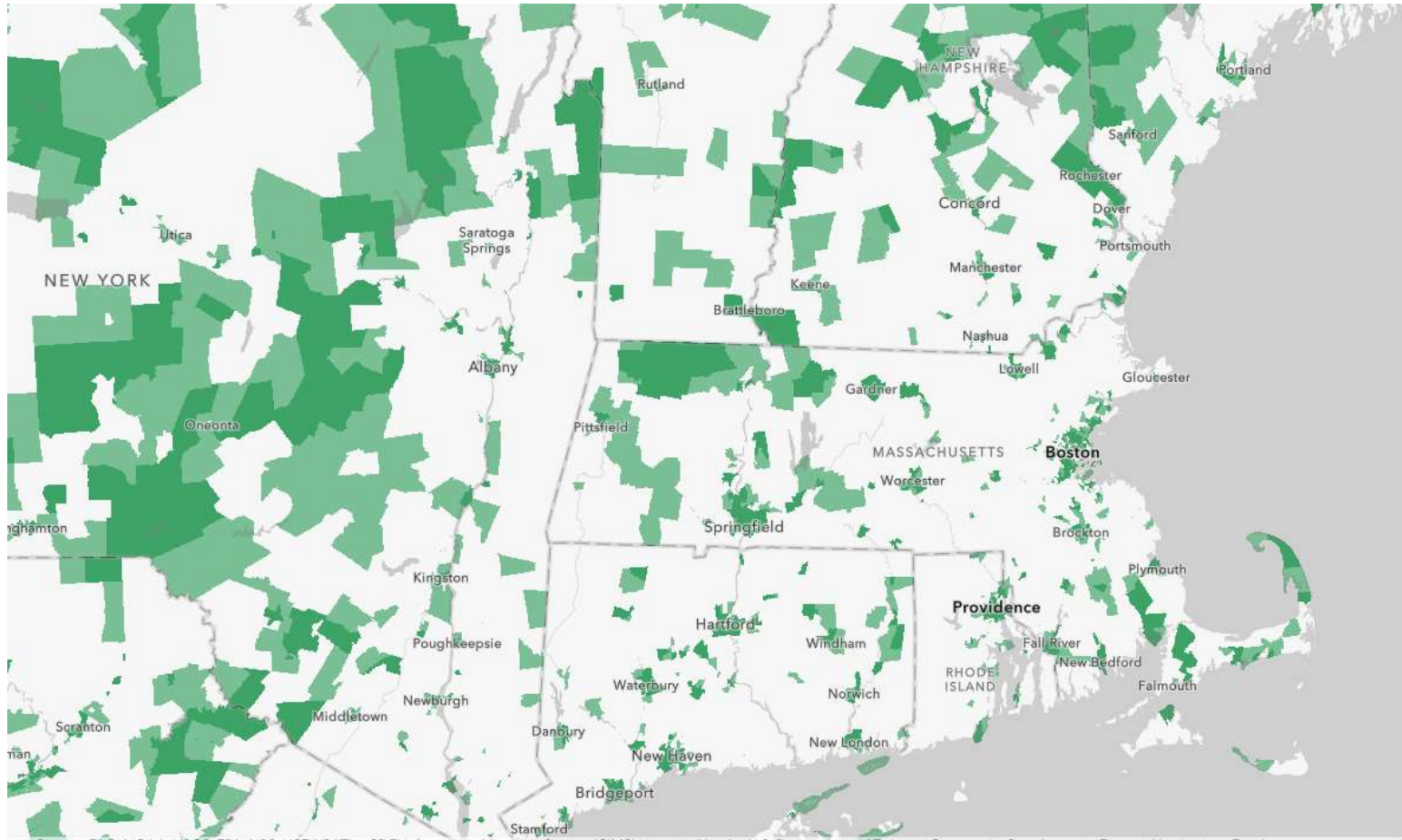
- Resi-Rental Participating in Affordable Housing program
 - Covered Housing ([34 U.S.C. 12491\(a\)\(3\)](#))
 - Ag Dept Housing Asst.(Title V of Housing Act of 1949)
 - Tribal Designated Housing ([25 U.S.C. 4103\(22\)](#))
- Electricity allocated equitably among the occupants

➤ **4: Qualified Low-Income Economic Benefit Project (20% credit)**

- Electricity Produced provided to Households with Income <200% of Poverty Line or
- Electricity Produced provided to Households with Income <80% of Area Median Income

*<https://www.arcgis.com/apps/mapviewer/index.html?webmap=d569d79af021465893797d9d59b6cfff>

Map of Category 1



*<https://experience.arcgis.com/experience/12227d891a4d471497ac13f60fffd822/page/Page/>

Alternative Energy Credits-§48, ITC (2022-...)

Technology	Base Credit	5x Bonus Credit (2022)	Domestic Content (2023)	Energy Community (2023)	Low Income (2023)	Range
Solar Technologies (2022)	6%	30%	2%/10%	2%/10%	10%/20%	6%-70%
Small Wind (2022)	6%	30%	2%/10%	2%/10%	10%/20%	6%-70%
Ground Source Heat Pump (2022)	6%	30%	2%/10%	2%/10%	0%	6%-50%
Microturbine	2%	10%	2%/10%	2%/10%	0%	2%-30%
CHP (2022)	6%	30%	2%/10%	2%/10%	0%	6%-50%
Microgrid Controller (2023)	6%	30%	2%/10%	2%/10%	0%	6%-50%
Standalone Energy Storage Systems (2023)	6%	30%	2%/10%	2%/10%	0%	6%-50%
Thermal Energy Storage Systems (2023)	6%	30%	2%/10%	2%/10%	0%	6%-50%
Fuel Cell (2022)	6%	30%	2%/10%	2%/10%	0%	6%-50%
Geothermal Electricity (2022)	6%	30%	2%/10%	2%/10%	0%	6%-50%
Biogas (2022)	6%	30%	2%/10%	2%/10%	0%	6%-50%
Waste Energy Recovery Electricity (2022)	6%	30%	2%/10%	2%/10%	0%	6%-50%
Interconnection Property (2023)	6%	30%	2%/10%	2%/10%	0%	6%-50%
Electrochromic Glass (2023)	6%	30%	2%/10%	2%/10%	0%	6%-50%

Clean Electricity ITC §48E (2025-...)

Technology	Base Credit	5x Bonus Credit (2022)	Domestic Content (2023)	Energy Community (2023)	Low Income (2023)	Range
Solar Technologies (2022)	6%	30%	2%/10%	2%/10%	10%/20%	6%-70%
Small Wind (2022)	6%	30%	2%/10%	2%/10%	10%/20%	6%-70%
Ground Source Heat Pump (2022)			Covered by §48 until 1/1/2035			
Microturbine	2%	10%	2%/10%	2%/10%	0%	2%-30%
CHP (2022)	6%	30%	2%/10%	2%/10%	0%	6%-50%
Microgrid Controller (2023)	6%	30%	2%/10%	2%/10%	0%	6%-50%
Standalone Energy Storage Systems (2023)	6%	30%	2%/10%	2%/10%	0%	6%-50%
Thermal Energy Storage Systems (2023)	6%	30%	2%/10%	2%/10%	0%	6%-50%
Fuel Cell (2022)*	6%	30%	2%/10%	2%/10%	0%	6%-50%
Geothermal Electricity (2022)	6%	30%	2%/10%	2%/10%	0%	6%-50%
Biogas (2022)	6%	30%	2%/10%	2%/10%	0%	6%-50%
Waste Energy Recovery Electricity (2022)	6%	30%	2%/10%	2%/10%	0%	6%-50%
Interconnection Property (2023)	6%	30%	2%/10%	2%/10%	0%	6%-50%
Electrochromic Glass (2023)	6%	30%	2%/10%	2%/10%	0%	6%-50%

*Must have ZERO lifecycle greenhouse gas emissions, as described in section 211(o)(1)(H) of the Clean Air Act (42 U.S.C. 7545(o)(1)(H))

Ground Source Heat Pump

➤ Typical Qualified Equipment(Upstream of Heat Pump)

- Bore Field
- Heat Pump

➤ Dual Use Equipment - 50% energy used by equipment must be from ground source (§1.48-14(b))

- If not, equipment does not qualify as Ground Source Heat Pump Property
- Proportionate amount is Credit eligible
- This may include downstream (after heat pump) items:
 - ❖ VAV boxes
 - ❖ Ductwork
 - ❖ Air Handlers
 - ❖ Diffusers
- Items that do not use ground source energy do not qualify

➤ Construction must begin before 1/1/35

Thermal Energy Storage

➤ Property comprising a system

- Directly connected to a heating, ventilation, or air conditioning system
 - This may indicate it is property separate from the HVAC system (maybe only the tanks?)
- Removes heat from, or adds heat to, a storage medium for subsequent use
 - This may indicate chillers feeding a Thermal Storage Tank are eligible (maybe chillers and the tanks?)
- Provides energy for the heating or cooling of the interior of a residential or commercial building
 - NOT for Heating/Cooling things other than a building
- Excludes:
 - Swimming Pools
 - CHP
 - Buildings or its Structural Components
- Construction must begin before 1/1/25 for §48 then continues under §48E

5Yrs MACRS & Bonus Depreciation

➤ Energy Property is 5 yr MACRS (§168(e)(3)(B)(vi)(I))

- Only reduce basis by 50% of the tax credit

➤ 60% Bonus Depreciation (80% in 2023)

- Placed in service in 2024
 - Phases down to 40% in 2025, 20% in 2026 and 0% after
 - Congress may increase back to 100%
- Tax Depreciation Schedules less than 20yrs
 - Examples
 - Energy property (Geothermal, Solar, Wind, etc.) §48
 - Outdoor Lighting not affixed to the building
 - Qualified improvement property (QIP) (§168(e)(6))
 - Nonstructural interior improvements to nonresidential real property pursuant to a lease
 - Building must be at least 3 years old
 - Original use must commence with taxpayer
 - Interior Lighting Replacements

EPA 179D Overview

➤ **Tax Deduction for Lighting, HVAC, Building Envelope Projects**

- Deduction level depends on building energy efficiency and project scope
- Both new construction and retrofit projects can qualify
- For commercial buildings, projects since 1/1/2006 are eligible

➤ **EPA 179D for Design Firms**

- Design firms include architects, engineers, ESCOs, design & build firms, systems designers
- Designers can take the deduction for tax exempt buildings
- Designers can take 179D deduction for projects completed in prior 3 years

Energy Tax Savers, Inc

Completed Project Map: U.S.



EPAct 179D Updates

(Inflation Reduction Act of 2022)

- **Changes go into effect on 1/1/2023**
- **Includes buildings owned by not-for-profits, instrumentalities, and Indian Tribal Governments**
 - Deduction can be taken by designers of these buildings
- **New deduction levels to replace current levels**
 - \$2.50-\$5.00 per square foot for projects meeting prevailing wage and apprenticeship labor requirements
 - \$0.50-\$1.00 per square foot if prevailing wage requirements not met
 - Overall building energy efficiency must be 25%-50% more efficient than standard to get the above levels (sliding scale)
 - No more individual system deductions (lighting/HVAC/envelope) → entire building must qualify
- **Two Methods for Taking EPAct 179D Deduction**
 - Energy model the entire building (building energy usage compared to ASHRAE 90.1)
 - RETROFITS: can elect 'energy use intensity' reduction study (building energy usage compared to prior state of building)
- **Deduction Reset**
 - Commercial buildings – every 3 years
 - Government & Tax Exempt buildings – every 4 years

Increased 179D Deduction Levels Effective 1/1/2023

Building Square Footage	Minimum Deduction Level (\$2.50 Per Square Foot)	Maximum Deduction Level (\$5.00 Per Square Foot)
50,000	\$ 125,000	\$ 250,000
100,000	\$ 250,000	\$ 500,000
250,000	\$ 625,000	\$ 1,250,000
500,000	\$ 1,250,000	\$ 2,500,000
1,000,000	\$ 2,500,000	\$ 5,000,000

*For projects meeting prevailing wage and apprenticeship standards

EPAAct 179D Deduction for Designers of Tax-Exempt Entities

➤ **Government Buildings**

- Federal
 - Offices, military bases, courthouses, post office, labs
- State
 - Offices, transportation facilities, state universities, courthouses
- County, City, Town, Village etc.
 - Offices, K-12 public schools, town halls, police, fire, libraries, municipal parking garages

➤ **Not-for-Profits**

- Hospitals, religious institutions, private schools and universities, etc.

➤ **Tribal Government**

- Police/Fire, Community Centers, Casinos, etc.

EPAct 179D Deduction for Commercial Buildings

- **EPAct 179D is tax deduction in-lieu of depreciation**
 - Must have depreciable tax basis in building's lighting/HVAC/envelope to utilize
- **Commercial Building Projects Completed 1/1/2006-Present Eligible**
 - Commercial building owners can take prior-year missed deductions without amending
- **Commercial New Construction and All Residential (>3 stories) can benefit**
- **Most Commercial Nonresidential Building Retrofits Don't Need 179D**
 - TCJA of 2017 allows for immediate tax deduction/write-off of building improvements
 - Combination of Qualified Improvement property (QIP), Bonus, Repair Regs & section 179
 - Residential buildings (ie., apartment buildings) do not get these TCJA benefits
 - New construction commercial buildings do not get the TCJA benefits

How to Monetize the Benefit

- *Two things need to occur for a company to monetize an EPC Act 179D benefit:*
1. Building project in an eligible year (2006 - present) related to lighting, HVAC, and/or envelope, such as:
 - Lighting installation
 - HVAC installation
 - Roof installation
 - Window installation
 - Lighting or HVAC controls installation
 2. The building needs to meet the energy efficiency targets
 - ASHRAE 2001 standard for 2006-2015 completed projects
 - ASHRAE 2007 standard for 2016-2026 completed projects
 - ASHRAE 2019 for most projects completed 2027+
 - For RETROFITS Only 25-50% EUI reduction

What Tends to Qualify on the HVAC Side?

- 1. Ground Source Heat Pumps**
2. High Efficiency Air Source Heat Pumps
- 3. Thermal Storage**
4. High Efficiency VRF units in Rental Apartments/Dorms/Hotels
5. Centralized HVAC in Rental Apartments/Dorms/Hotels
6. Energy Recovery Ventilation
7. Demand Control Ventilation
8. VFD's on all major Motors and Compressors
9. Chillers in buildings < 150,000 sq ft
10. Direct fired heaters in non AC Industrial Spaces
11. Industrial Space >25,000sq ft with Constant Volume Package unit
12. VAV (variable air volume devices) in buildings <25,000 sq ft
13. Chilled Beam
14. Magnetic Bearing Chillers
15. Gas fired chillers combined with electric chillers to peak shave
16. Coolorado in dry climates
- 17. Combined Heat and Power**

Data Required for 2023 Projects

➤ **Whole Building Energy Simulation Modeling Method**

- Any COMcheck documents, if available
- Building plans (architectural, electrical, mechanical, plumbing) – even if outdated
- Listing of building's current lighting (lamp counts and watts), if not shown on plans
- Listing of building's mechanical equipment (make, model #), if not shown on plans
- Description of building envelope, if not shown on plans
 - ❖ Window to wall ratio and what type of windows
 - ❖ U-value of windows and R-value of walls and roof

➤ **RETROFIT Alternative Method**

- Energy bills for the 24 months pre-project
- Energy bills for the 12 months post completion
- Energy bills for the construction period

Where 179D Works

- Government & Tax-Exempt Buildings (New Construction & Retrofit)
 - Designer gets the 179D benefit
- Residential (>3 stories) (New Construction & Retrofit)
- Commercial New Construction Only

Alternative Fuel Vehicle Refueling Property Credit-§30C (2023-2032)

Technology	Base Credit	5x Bonus Credit (2023)	Maximum Credit Amount (2023)	Range
EV Chargers	6%	30%	\$100,000	6%-30%



<https://experience.arcgis.com/experience/3f67d5e82dc64d1589714d5499196d4f/page/Page/>

Alternative Fuel Vehicle Refueling Property Credit

➤ **Location Requirements (Eligible Census Tracts)**

- Low-Income Community or (§45D(e)(1))
- Is not an urban area (§30C(c)(3))

➤ **5 Times Bonus Credit**

- Meets the Prevailing Wage and Apprenticeship (P+A) Requirements (REG-100908-23) or
- Begins construction prior to January 29, 2023

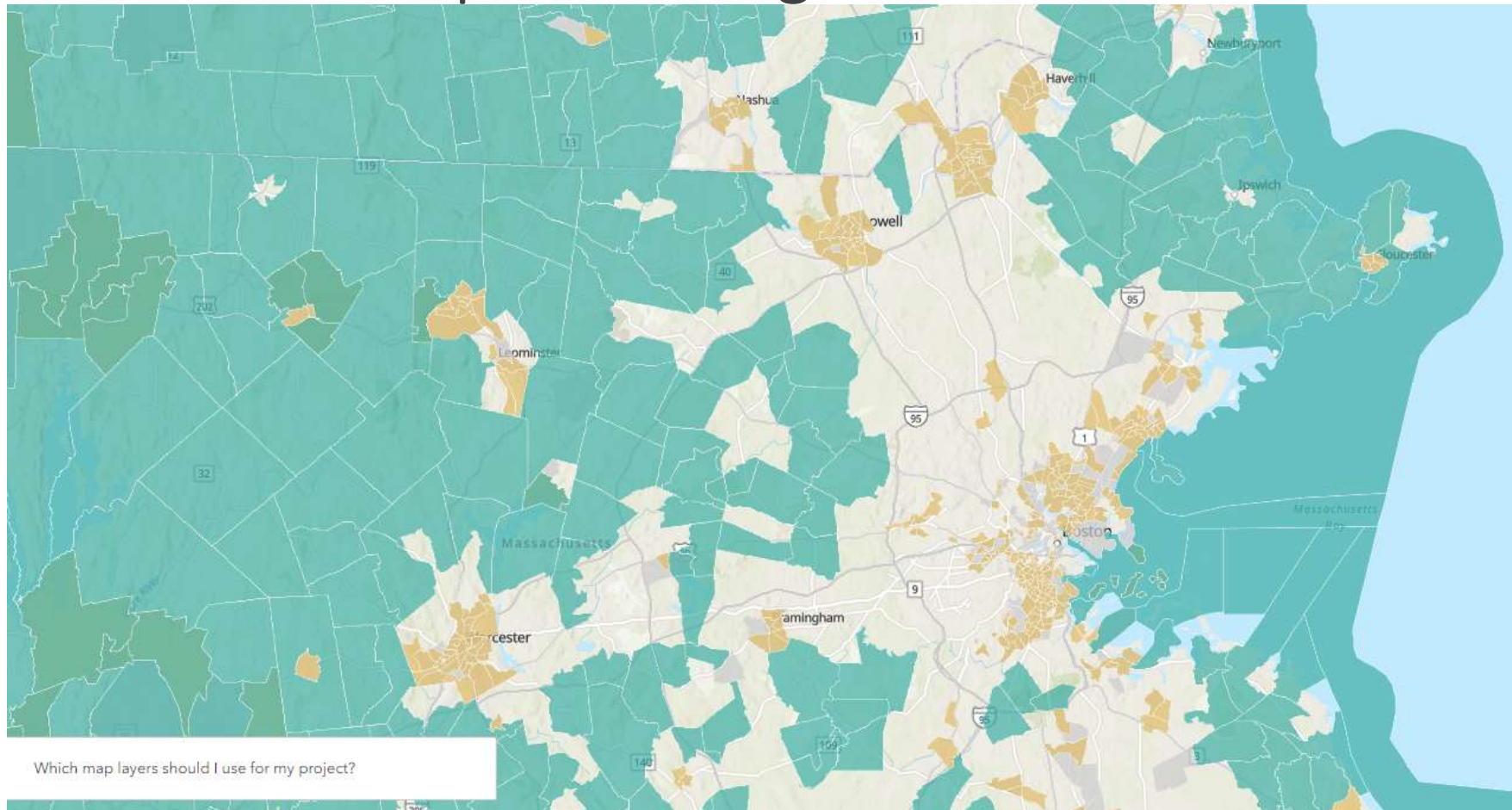
➤ **Credit Limitation (§30C(b))**

- Shall not exceed \$100,000 per item

➤ **Eligible Property**

- The recharging property is located at the point where the vehicle is recharged

Map of 30C Eligible Locations



<https://experience.arcgis.com/experience/3f67d5e82dc64d1589714d5499196d4f/page/Page/>

Credit for Qualified Commercial Clean Vehicles (§45W)

7 kWh for vehicles < 14,000 lbs Credit limited to the <u>Lesser</u> of:	15 kWh for vehicles > 14,000 lbs Credit limited to the <u>Lesser</u> of:
\$7,500	\$40,000
30% of Vehicle Cost	30% of Vehicle Cost
Incremental Cost to Comparable Vehicle	Incremental Cost to Comparable Vehicle

- Incremental cost is the amount equal to the excess of the purchase price for such vehicle over such price of a comparable vehicle
- “Comparable Vehicle” refers to any vehicle which is powered solely by a gasoline or diesel internal combustion engine which is comparable in size and use to such vehicle
- https://www.energy.gov/sites/default/files/2023-12/2023.12.18%20Incremental%20Purcha...lean%20Vehicles%20pub%2012-2022%20amd%2012-2023%20Final_2.pdf

Prevailing Wage Requirement

(REG-100908-23)

- **Prevailing wages can be found at www.sam.gov**
- **Wage Determination for Unlisted Categories, IRAprevailingwage@dol.gov**
 - the type of facility,
 - facility location,
 - proposed labor classifications,
 - proposed prevailing wage rates,
 - job descriptions and duties, and
 - any rationale for the proposed classifications
- **Records required (Taxpayer's employees, contractors and subcontractors)**
 - identifying the applicable wage determination,
 - the laborers and mechanics who performed construction work on the facility,
 - the classifications of work they performed,
 - Apprentice/Journeyworker
 - Hours worked in each classification,
 - And the wage rates paid for the work and fringe benefits.

Apprenticeship Requirement

(REG-100908-23)

Projects Started:	Apprentices make up:
Before 1/29/2023	Exempt from Requirement
In 2023 1/29/23 and later	12.5% of Total Labor Hours
After 12/31/2023	15% of Total Labor Hours

- If a project has 4 or more workers, at least 1 is required to be an Apprentice
- Apprentice-to-Journeyworker ratio must be met DAILY
- Apprentice must be part of a registered apprenticeship program (3131(e)(3)(B))
- Good Faith Effort Exception
 - The taxpayer requests qualified apprentices from a registered apprenticeship program in accordance with usual and customary business practices for registered apprenticeship programs in a particular industry.
 - The taxpayer must maintain sufficient books and records establishing the taxpayer's request of qualified apprentices from a registered apprenticeship program and the program's denial of such request or non-response to such request
 - Must try every 120 days

Apprenticeship Requirement

(REG-100908-23)

- The Registered Apprenticeship Program(RAP) must have a usual and customary business practice of entering into agreements with employers for the placement of apprentices in the occupation for which they are training
- The request to the RAP must include:
 - Dates of employment,
 - Occupation or classification needed,
 - Location and type of work to be performed,
 - Number of apprentices needed,
 - Number of hours the apprentices will work, and the name
 - Contact information of the person requesting the apprentices.
 - The following statement:
 - *“This request for apprentices is made with an intent to employ apprentices in the occupation for which they are being trained and in accordance with the requirements and standards of the registered apprenticeship program”*
- Request cannot have been denied because of a refusal of the taxpayer or any contractor or subcontractor to comply with the requirements and standards of the RAP

About Energy Tax Savers?

- First EAct 179D service provider (founded 2005)
- Completed more EAct projects than any other firm (16,000+)
- Diverse background of firm professionals
 - Attorney, CPA, MBA, LEED AP, Enrolled Agent, Big4 Accounting Experience
- Advisors to DOE, NEMA and NRDC for EAct 179D extension and standards
- Over 150 published articles in various publications
 - *Corporate Business Taxation Monthly, Building Operating Management, IMARK Magazine, Retrofit Magazine, Parking Professional*



Energy Tax Savers, Inc.



Recorded Webinar

<https://www.youtube.com/watch?v=BQJqiq6Nyll>

Jacob Goldman, LEED AP
Vice President
Energy Tax Savers

33 Queens Street, Suite 300
Syosset, NY 11791
Phone: 516.364.2630
Fax: 631.240.5165



jacob.goldman@energytaxsavers.com