

Elective Pay Briefing

City/County Association of Governments of San Mateo County

RMCP Committee Meeting

April 16, 2025

- Materials in this slide deck are adapted from presentations developed by Government Finance Officer's Association (GFOA) and Lawyers for Good Government (L4GG).
- Legal Disclaimer: The information provided in this presentation does not, and is not intended to, constitute legal advice; instead, all information, content, and materials provided are for general informational purposes only.

Elective Pay (also called “Direct Pay”) allows tax-exempt eligible entities (e.g., states, local governments, nonprofits) to get direct payments from the IRS for clean energy tax credits by filing tax forms.

Highlights of Program

- Tax credits account for 70% of Inflation Reduction Act (IRA) ~\$400B in climate funding
- Uncapped
- Cover diverse technologies
- Bonus adder incentives can increase credit amount (domestic content, prevailing wage, etc.)
- Reimbursement of up to 70% cost of clean energy and clean vehicles projects

Most Common Project Types in Public Sector

Example Projects:

- EV Infrastructure placement in non-urban or low-income areas

Section 30C
Alternative fuel
refueling property

Section 45/45Y
Renewable
electricity
production tax
credit (PTC)

Example Projects:

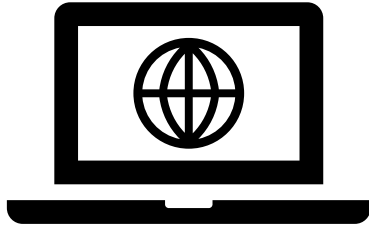
- EV fleet transition
- Gov. vehicles, school buses, public transit, etc.

Section 45W
Qualified
commercial
vehicles

Section 48/48E
Energy investment
tax credit (ITC)

Example Projects for both ITC/PTC:

- Microgrid/community solar
- Rooftop solar or wind on gov. buildings or affordable housing
- Geothermal HVAC



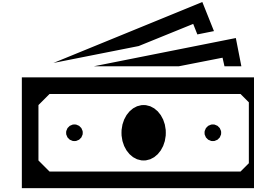
Pre-filing registration

- Register each unique project for which tax credit will be claimed via IRS website
- Get unique registration number



IRS filings

- File tax return (Form 990-T) and Form 3800 with registration numbers and supporting documentation by tax deadline
- Due 4.5 months after end of taxable year (+6-month extension if requested)



Receive funds

- IRS makes payment after review of tax filing
- Likely more than 1 year after project is placed into service/money is spent

Setting up for Success: Build a Strong Team

- Finance: manages internal controls, budget, and tax filing
- Legal: reviews tax codes eligibility, labor standards, and compliance policies
- Project Management: oversees timelines, deliverables, and requirements
- Facilities/Sustainability: understands projects happening across the organization



Filing Deadlines

10 EVs placed into service
(February 2024)

Solar project placed into service
(August 2024)

2024

2025

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
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Filing Option 1: Calendar Year

- Covers all 2024 projects, Jan-Dec
- Initial Deadline: **May 15, 2025**
- Extension deadline: **Nov 15, 2025**

Filing Option 2: Fiscal Year (Jul–Jun)

- Only solar project placed into service in August is eligible
- The 10 EVs are excluded
- Initial deadline: **Nov 15, 2025**
- Extension deadline: **May 15, 2026**

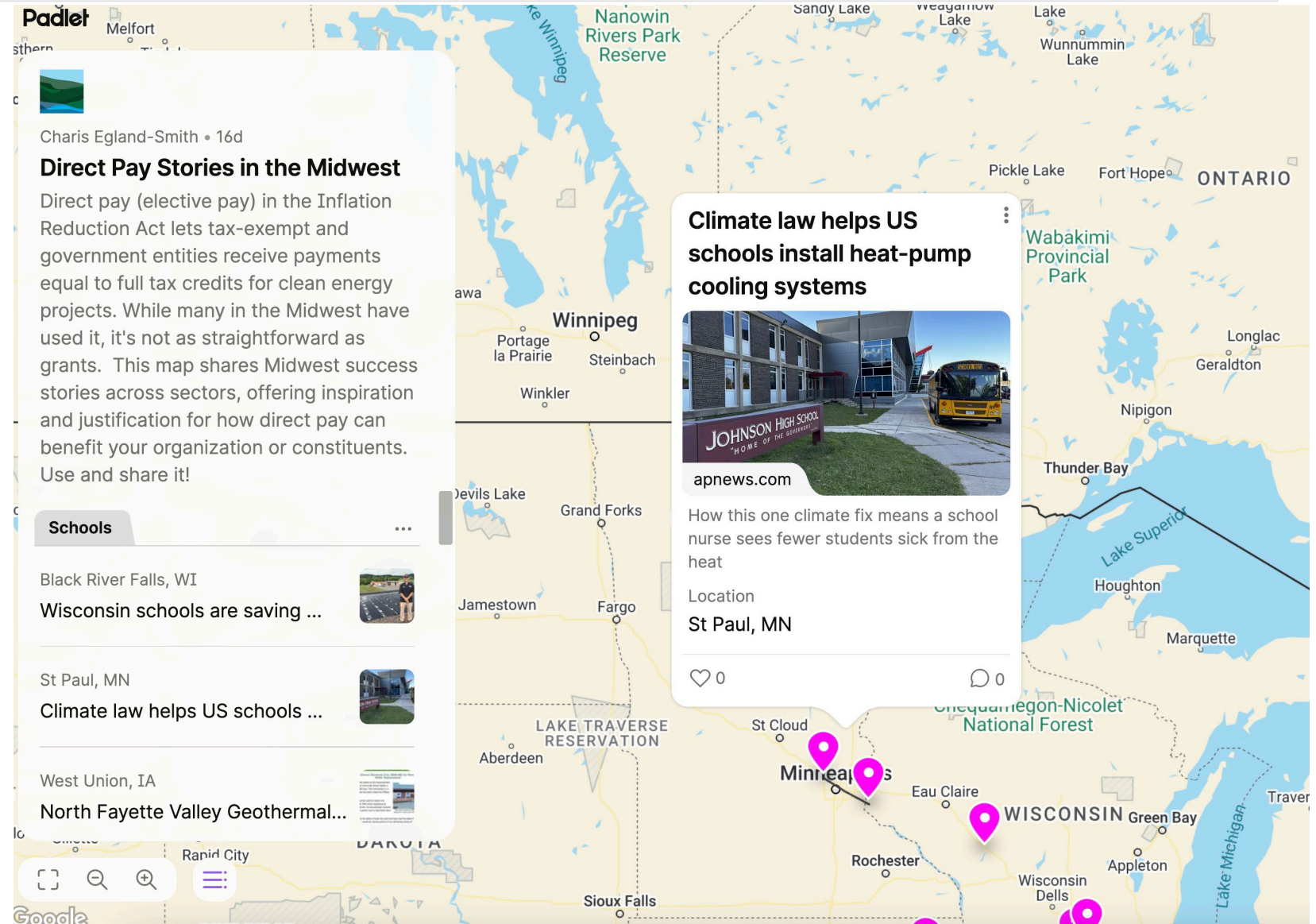
NOTE: Extension request forms must be submitted to the IRS by the original tax filing due date

- Tax credits cannot be revoked by Executive Order
 - Written into Internal Revenue Code and part of statutory law
 - Congress could change tax credits with new legislation in 2025
- Projects put into service in 2024 should be safe and entitled to tax credits
- Legislative changes likely not effective until 2026
 - Projects that begin construction on or after January 1, 2026, possibly affected



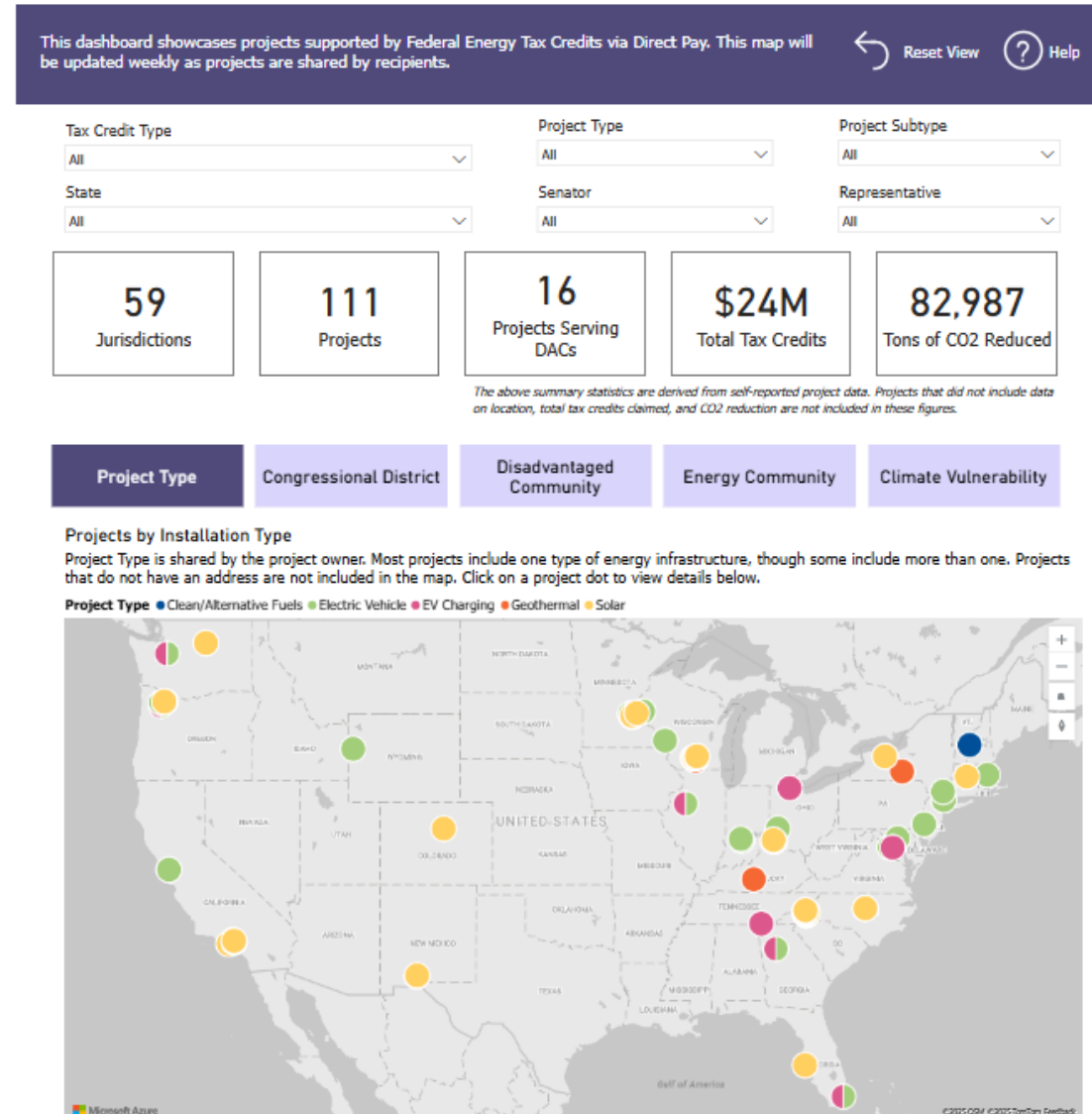
Protecting Elective Pay

- Advocacy
- Continue to file
- Share success stories



Local Government Direct Pay Tracker

- Demonstrates effectiveness of Direct Pay and Federal Tax Credits
- Enables cities to showcase energy success stories and leadership in clean energy deployment
- Currently, showcases projects led by local governments
- Actively tracking all Direct Pay projects, and will be expanding the Tracker's scope as more projects are collected
- <https://climateprogramportal.org/direct-pay-tracker/>



Elective Pay Resources: Clean Energy Tax Navigator

- An easy-to-use framework and interactive form that walks through the process of determining eligibility for Elective Pay, offering technical assistance, and, in certain cases, direct pro bono services.
- Designed to be a free, public one-stop shop providing tailored Elective Pay information to users at all stages from project ideation through tax form filing.



Which option best describes your project?



EV Vehicle / Fleet

State-owned and operated eligible commercial clean vehicles



EV Charging / Infrastructure

Electric vehicle charging infrastructure in non-urban and low income areas



Solar / Wind / Geothermal

Clean energy project deployment

CleanEnergyTaxNavigator.org

- Past L4GG webinars, presentation slides, FAQs, and other resources are available at the L4GG Elective Pay & IRA Tax Incentives Resources Page: <https://www.lawyersforgoodgovernment.org/elective-pay-ira-tax-incentives>
- BayREN Targeted Decarbonization Services (TDS) Webinar: Navigating the Inflation Reduction Act's Elective Pay Provisions
 - <https://www.bayren.org/events/bayren-tds-webinar-navigating-inflation-reduction-acts-elective-pay-provisions-2025-02-24>

Thank You!

Questions?

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