

DIRECT PAY

LEVERAGING FEDERAL FUNDS TO BUILD
PUBLICLY-OWNED CLEAN ENERGY
WITH 350.ORG



WHAT IS DIRECT PAY?

Thanks to the Inflation Reduction Act, the federal government will give tax-exempt entities **tax-free cash funding in the form of a refund** to build renewable energy projects.

Direct Pay will allow our communities to:

1. Generate **sustainable** energy that **saves money**.
2. Create **high-quality jobs** where we live.
3. Radically expand clean, **publicly-owned** energy.

4. Complete projects in a way that maximizes **economic** and **racial justice**.



HOW WILL DIRECT PAY ADVANCE JUSTICE?

IF we center projects in Black, brown, Indigenous, resource poor, and other historically excluded communities, we can...

Transfer **tax-free cash funds** **directly** to our communities.

Build **disaster-resilient** and **healthier** power generation.

Create good-paying, local **jobs** that build **generational wealth**.

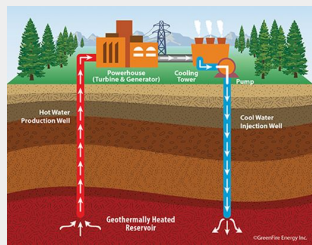
Make our energy future **publicly-owned** to limit profit and exploitation in our energy economy.



WHICH TECHNOLOGIES ARE ELIGIBLE?



Wind: utility- or small-scale



Geothermal

Electric vehicle charging stations



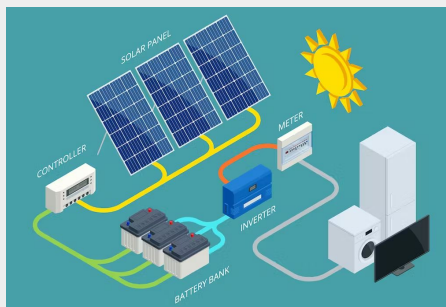
Commercial clean vehicles



Solar: utility- or small-scale rooftop, pavement, etc.



Energy storage, like batteries – with/out solar



And More!



CONGRESSIONAL PROGRESSIVE CAUCUS CENTER

The full list of Direct Pay eligible tax credits is here: <https://www.irs.gov/pub/irs-pdf/p5817g.pdf>

WHICH ENTITIES ARE ELIGIBLE?

Houses of worship



Schools



The Capitol Building

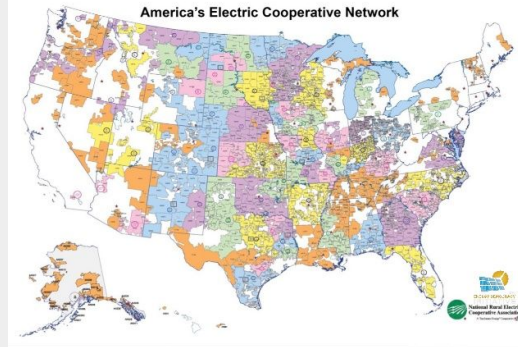


Town Hall



Rural Electric Cooperatives

75% of land area, 42% of distribution lines, 11% of population



Libraries



Tribal Governments & Subdivisions

Senior Center



And Many More!



CONGRESSIONAL
PROGRESSIVE
CAUCUS CENTER

A description of Direct Pay eligible entities is here:
<https://www.irs.gov/credits-deductions/elective-pay-and-transferability-frequently-asked-questions-elective-pay>

WHAT IS POSSIBLE?

USING DIRECT PAY TO...

Put solar panels on every State and Tribal building.

Build community-owned wind power in the Plains and on the Mountain peaks.

Install EV charging stations in your synagogue's parking lot.



...WILL ALLOW US TO

Use electricity savings to pay seniors' medical or utility debt.

Bring electricity to parts of the Reservation living without power.
Replace all the coal in all our Rural Electric Co-ops.

Use revenue to fund a community food pantry.



PROTECTING WORKERS & MAXIMIZING JUSTICE

Direct Pay projects **will** create good-paying, quality jobs that:



Pay a **prevailing wage** and



Train the workers of the future with **registered apprenticeships**.

Direct Pay projects **can maximize** economic and racial justice by requiring:



Union labor and



Pre-hire **collective bargaining agreements**.

WHAT'S NEXT?

The IRS published pre-registration.

In December, the IRS published a process to pre-register for Direct Pay credits at www.IRS.gov/EPTRegister

We are waiting on the IRS to finalize its filing process.

First opportunity to receive Direct Pay funds

Eligible entities will be able to file to receive Direct Pay funds for projects completed by the end of FY2023.

2024-2032(?)

End of 2023

Feb 2024

April 2024

Pre-registration filing.

Eligible entities can pre-file and receive a registration number to use in the 2023 tax year filing (for projects completed in FY2023).

Direct Pay is currently authorized for ten years!

Any eligible entity can request funding for any eligible project as long as Congress lets the program exist.



CALL TO ACTION AT THE LOCAL LEVEL

1. **Implement it!** States, Tribes and localities should deploy Direct Pay eligible projects and get a refund of up to 70% back from the IRS!
2. **Spread the Word!** You are trusted messengers. Make sure that everyone in your network knows about Direct Pay.
3. **Make it Accessible!** The state legislatures and City Councils can make funds available for communities who need the most help finding the upfront financing for Direct Pay projects, like creating municipal bonds, Grants, No-interest Loans, Revolving Loan Funds, and providing Technical Assistance.



CPC CENTER RESOURCES ON DIRECT PAY

Find additional resources: ProgressiveCaucusCenter.org/Direct-Pay!

- One-Pager
- General FAQs
- FAQs for Local Governments
- Partner Organizer Toolkit
- Pre-registration guide
- TikTok Video
- 12 min. summary video
- 90 min. Webinar

- Resources to protect workers
- Fact sheet for local governments
- Guide for State Legislators
- FAQs on How to Protect Direct Pay Project Workers
- A Step-by-Step Guide to Worker Protection Requirements
- What's in the text of the IRA
- Analysis of the Climate and Energy Provisions of the IRA

FORTHCOMING:

- Guide for Local Leaders
- Decoding the Tax Credits
- Credits for weatherization in the Inflation Reduction Act
- And more!

*Do you see something missing? Do you have suggestions?
Email us at DirectPay@ProgressiveCaucusCenter.org!*



**CONGRESSIONAL
PROGRESSIVE
CAUCUS CENTER**