



## Navigating Tax Credits in the 2022 Inflation Reduction Act

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### NEW TAX CREDITS FOR GOVERNMENTS AND NON-PROFITS

On August 16, 2022, President Biden signed the Inflation Reduction Act (IRA) into law. The IRA expands, extends and establishes new tax incentives to advance the clean energy initiatives within public sector agencies. The IRA extends these incentives to entities that generally do not benefit from income tax credits, such as state, local and tribal governments and other tax-exempt entities. The IRA law does this through a direct-pay mechanism so that these entities may be able to directly access many of the incentives.

Beginning in 2023, this new direct-pay option, allows public agencies, like, state and local municipalities, school districts and municipal utilities public entities to be able to apply for and receive a refund equal to the amount of the credit rather than receiving a tax credit like a typical individual taxpayer. Many of these can be received as direct pay, meaning that an entity can claim the full amount even if its tax liability is less than the credit.

#### How A&M Can Help

A&M's experienced tax and government consultants have a deep understanding of infrastructure funding issues facing governments and school districts. Our seasoned consultants can help:

- Review your agency's capital improvement plans to identify potential projects that may be eligible for the IRA tax incentive funding
- Analyze expenses and identify refundable credit opportunities
- Manage the capital project implementation and funds management with other federal and state grant funds

A&M Managing Directors Nancy Zielke and Brian Pedersen discuss the IRA, its effects on new tax credits for governments and non-profits and how A&M can help review and analyze your agency's capital improvement plans for potential IRA tax incentive funding opportunities.

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