Webinar

DecarbonizeNOW | Webinar 1: Breaking it Down, Introduction to IRA Tax Incentives
Date: September 09, 2024

00:00:00 --> 00:00:02:	All right, I think it is about that time.
00:00:02 --> 00:00:07:	Well, everyone welcome to to today's webinar, Decarbonize Now, the
00:00:07 --> 00:00:12:	Inflation Reduction Act Strategic financing and compliance Webinar 1 breaking
00:00:12 --> 00:00:14:	it down Introduction to IRO tax incentives.
00:00:15 --> 00:00:17:	Now for for those of you who are here, you
00:00:17 --> 00:00:21:	likely are familiar with the Inflation Reduction Act of 2022.
00:00:21 --> 00:00:24:	It is the single largest investment in climate and energy
00:00:24 --> 00:00:25:	in American history.
00:00:26 --> 00:00:29:	And with you, Allied Northwest, here for this webinar, we
00:00:29 --> 00:00:33:	plan to explore how real estate professionals can take advantage
00:00:33 --> 00:00:37:	of these tax incentives, saving money while decarbonizing their portfolio.
00:00:37 --> 00:00:40:	We'll be hosting a suite of three virtual events this
00:00:40 --> 00:00:43:	September to break down the essence of the Inflation Reduction
00:00:44 --> 00:00:47:	Act, IRA, discuss strategic financing, and put it all together
00:00:47 --> 00:00:48:	with compliance and reporting.
00:00:49 --> 00:00:52:	So during this first webinar, we'll break down the Inflation
00:00:52 --> 00:00:56:	Reduction Act with presentations from the US Green Building Council
00:00:56 --> 00:00:58:	and from Energy Tax Savers and end with a moderated
00:00:59 --> 00:01:01:	discussion so we can go to the next slide.
00:01:02 --> 00:01:03:	And you can see the agenda there.
00:01:04 --> 00:01:07:	The the plan is to really dig into this once
00:01:07 --> 00:01:11:	in a generation effort to spur private sector building decarbonization.
00:01:11 --> 00:01:13:	Oh, and we can keep the slides up.

00:01:13 --> 00:01:17: We've got the the welcome and introductions with myself, Marta
00:01:17 --> 00:01:21: Schatz, the introduction to the Inflation Reduction Act and then
00:01:21 --> 00:01:21: a deeper dive.
00:01:22 --> 00:01:24: You can see the the pictures of our three speakers
00:01:24 --> 00:01:26: here on the introduction slide.
00:01:26 --> 00:01:26: Next.
00:01:26 --> 00:01:27: My name is Marta Schatz.
00:01:27 --> 00:01:28: I am your moderator.
00:01:28 --> 00:01:31: I Co lead the UL is Randall Lewis Center for
00:01:31 --> 00:01:35: Sustainability and Real Estate or Sustainability team out of headquarters
00:01:35 --> 00:01:38: in Washington DC and I am joined today by two
00:01:38 --> 00:01:41: wonderful gentlemen wearing blue shirts, Ben Evans with the US
00:01:41 --> 00:01:45: Green Building Council and Jacob Goldman with Energy Tax Savers.
00:01:45 --> 00:01:47: Their their BIOS are very impressive and so I will
00:01:47 --> 00:01:50: not read them all, but I trust they'll introduce themselves
00:01:50 --> 00:01:52: when we get to their sections.
00:01:53 --> 00:01:55: Now just one more slide before I pass it to
00:01:55 --> 00:01:58: Ben to do an intro into the Installation Reduction Act
00:01:58 --> 00:01:58: for everyone.
00:01:59 --> 00:02:01: I just want to make sure here on this next
00:02:01 --> 00:02:03: slide that folks are familiar with all of the different
00:02:03 --> 00:02:06: ways that there are implications for real estate through the
00:02:06 --> 00:02:08: Inflation Reduction Act.
00:02:08 --> 00:02:09: And I know that Ben and Jacob will speak to
00:02:09 --> 00:02:10: a number of these today.
00:02:11 --> 00:02:14: Tax credits are maybe the most well known, and that's
00:02:14 --> 00:02:17: what we'll be really diving into today across our 2
00:02:17 --> 00:02:18: speakers.
00:02:19 --> 00:02:21: But there are also rebates and there are loans and
00:02:21 --> 00:02:23: there are grants and there are bonus incentives, I kind
00:02:23 --> 00:02:24: of feel.
00:02:30 --> 00:02:32: It can be very exciting the amount of potential here
00:02:32 --> 00:02:34: for real estate to take advantage of the federal funding.
00:02:34 --> 00:02:36: It's also a little complicated.
00:02:36 --> 00:02:37: You see all of these lists.
00:02:37 --> 00:02:38: You see all of this detail.
00:02:39 --> 00:02:41: So with that, I will pass it to Ben to
00:02:41 --> 00:02:42: get us started.

00:02:44 --> 00:02:44: Great.
00:02:44 --> 00:02:47: Thank you, Marta, and thanks to Uli for having me
00:02:47 --> 00:02:50: and thanks to all of you for joining and, and
00:02:50 --> 00:02:53: for your interest in this subject because it is a
00:02:53 --> 00:02:56: little complicated as Marta said, and I think it can
00:02:56 --> 00:02:59: be a little wonky, but it is also super exciting
00:02:59 --> 00:03:01: if you're in the real estate business.
00:03:01 --> 00:03:04: So we are very excited about it.
00:03:05 --> 00:03:06: And my name is Ben Evans.
00:03:06 --> 00:03:09: I am US GB CS federal Legislative Director.
00:03:10 --> 00:03:13: You guys probably hopefully all know US GB C for
00:03:13 --> 00:03:17: lead, but we are a mission based nonprofit organization.
00:03:18 --> 00:03:21: We do a lot of policy and advocacy work across
00:03:21 --> 00:03:25: the sustainability space sort of writ large.
00:03:25 --> 00:03:27: And we work it on the local, state and federal
00:03:27 --> 00:03:28: levels.
00:03:29 --> 00:03:32: And I help lead our federal work in, in Washington.
00:03:32 --> 00:03:35: And, you know, we were pretty heavily involved in, in
00:03:35 --> 00:03:39: developing and, and sort of shepherding through pushing through a
00:03:39 --> 00:03:43: lot of the, the real estate provisions that ultimately made
00:03:43 --> 00:03:47: it into the Inflation Reduction Act and are incredibly excited
00:03:47 --> 00:03:51: about the opportunities that it presents to real estate developers
00:03:51 --> 00:03:54: and, and entire really the entire real estate sector in
00:03:54 --> 00:03:56: the green building sector.
00:03:57 --> 00:03:59: I wouldn't just step back a little bit and talk
00:03:59 --> 00:04:01: about some of the forces and some of those sort
00:04:01 --> 00:04:03: of landscape as we see it in term on green
00:04:03 --> 00:04:04: building.
00:04:05 --> 00:04:07: I think you know, we, we are eyes wide open
00:04:08 --> 00:04:11: about the challenges that they're that the real estate sector
00:04:11 --> 00:04:12: faces today.
00:04:12 --> 00:04:16: You've got, you know, high construction costs, high interest rates,
00:04:16 --> 00:04:18: a lot of office vacancies in a lot of markets.
00:04:18 --> 00:04:20: It is a it is a challenging time, we know
00:04:20 --> 00:04:20: that.
00:04:21 --> 00:04:24: But we don't see the momentum around green building and
00:04:25 --> 00:04:27: around sustainable building stopping.
00:04:27 --> 00:04:29: In fact, we see the opposite.
00:04:29 --> 00:04:30: We see it growing and there's a lot of reasons
00:04:30 --> 00:04:31: for that.

00:04:31 --> 00:04:35: A few sort of areas where we think that are
00:04:35 --> 00:04:37: driving it the most.
00:04:37 --> 00:04:39: I think first would be regulatory.
00:04:40 --> 00:04:43: You know, you're in the Northwest, you're probably familiar with
00:04:43 --> 00:04:44: building performance standards.
00:04:45 --> 00:04:46: They are proliferating.
00:04:46 --> 00:04:48: I think there's more than 40 building performance standards now
00:04:48 --> 00:04:50: around the country and a lot of other jurisdictions looking
00:04:50 --> 00:04:51: at them.
00:04:52 --> 00:04:54: And I think that's mostly because when cities and to
00:04:54 --> 00:04:57: lesser extent states, but when cities look at where their
00:04:57 --> 00:05:00: greenhouse gas emissions are coming from and how they're going
00:05:00 --> 00:05:03: to tackle their greenhouse gas emissions, they realize that 6070%
00:05:03 --> 00:05:04: of their emissions come from buildings.
00:05:05 --> 00:05:08: And, you know, it's sort of like the old Wadi
00:05:08 --> 00:05:10: rob banks, because that's where the money is.
00:05:10 --> 00:05:12: Well, the buildings are where the emissions are.
00:05:12 --> 00:05:14: And, and that's where cities are going to focus.
00:05:14 --> 00:05:18: And we think that is going to continue to strengthen
00:05:18 --> 00:05:21: and continue to, to, to get a lot of attention.
00:05:21 --> 00:05:24: I think other sort of regulatory items we're looking at
00:05:24 --> 00:05:27: are things like the Securities and Exchange Commission.
00:05:27 --> 00:05:30: The SEC has a proposed rule around climate disclosure, which
00:05:31 --> 00:05:34: would require publicly traded companies of a certain size.
00:05:34 --> 00:05:37: And it's phased in over what, you know, over the
00:05:37 --> 00:05:41: larger companies start, but it's phased into smaller companies after
00:05:41 --> 00:05:45: a while, having to disclose both of their climate risk
00:05:45 --> 00:05:47: as well as their climate emissions.
00:05:47 --> 00:05:49: So they're the risks that they're facing from a climate,
00:05:50 --> 00:05:53: from a changing climate, which obviously real estate assets are
00:05:53 --> 00:05:55: going to have a lot to do with that and
00:05:55 --> 00:05:58: the the emissions that they're that their footprint generates.
00:05:58 --> 00:06:01: And so that sort of feeds into the second area
00:06:01 --> 00:06:04: of pressure that we see, which is just market pressure,
00:06:04 --> 00:06:07: simple market pressure from investors, clients, tenants, whoever it is.
00:06:07 --> 00:06:11: There is, you know, increasingly we are seeing that the

00:06:12 --> 00:06:16: market wants green, greener, more sustainable products.
00:06:17 --> 00:06:19: You know, I know there's a little bit of a
00:06:19 --> 00:06:22: political, you know, hullabaloo around ESG these days, but I
00:06:22 --> 00:06:24: don't see that as AI see that as sort of
00:06:24 --> 00:06:25: a short term thing.
00:06:25 --> 00:06:28: I don't think the the the long term trend toward
00:06:28 --> 00:06:32: markets really increasingly asking for and and in some cases
00:06:32 --> 00:06:35: demanding and in some cases being willing to pay a
00:06:35 --> 00:06:39: green premium for those more sustainable products, whether it's a
00:06:39 --> 00:06:41: building or AT shirt or whatever it is on the
00:06:42 --> 00:06:42: on the market.
00:06:43 --> 00:06:45: We do not see that going away.
00:06:45 --> 00:06:48: And then finally, a third thing I would, I would
00:06:48 --> 00:06:51: highlight is, is insurance markets, which is emerged a little
00:06:51 --> 00:06:54: more recently and, but is perhaps the scariest part of
00:06:54 --> 00:06:55: all of this.
00:06:55 --> 00:06:57: And you've seen a lot of the news around single
00:06:58 --> 00:07:01: family homes and insurance markets with, with insurance rates skyrocketing
00:07:02 --> 00:07:04: in certain cases and in some cases, you know, not
00:07:04 --> 00:07:08: being available to homeowners, lots of homeowners going without insurance
00:07:08 --> 00:07:12: because of that, that is increasingly hitting the commercial sector.
00:07:12 --> 00:07:15: You're probably seeing it something that was once sort of
00:07:15 --> 00:07:18: a rounding error on your, on your balance sheet becoming
00:07:18 --> 00:07:21: a pretty significant issue and, and, and also the threat
00:07:21 --> 00:07:23: of what it could become in the future becoming a
00:07:24 --> 00:07:25: becoming a real concern.
00:07:25 --> 00:07:27: And so those are some of the forces that we
00:07:27 --> 00:07:30: think are coming together to really to really drive all
00:07:30 --> 00:07:30: of this.
00:07:30 --> 00:07:33: And I think, you know, as developers and as building
00:07:33 --> 00:07:35: owners, you have to ask yourself, if I'm building a
00:07:36 --> 00:07:38: building today or if I'm renovating a building today, what
00:07:38 --> 00:07:41: is the landscape in my community going to look like
00:07:41 --> 00:07:43: in five years or 10 years or 20 years?
00:07:43 --> 00:07:45: And how is my building going to stand up to
00:07:45 --> 00:07:46: that?
00:07:46 --> 00:07:47: How is it going to look?
00:07:48 --> 00:07:51: And, you know, that's going to, I think we think
00:07:51 --> 00:07:53: have a lot of determine a lot about value of,

00:07:53 --> 00:07:56: of the building and, and, you know, up to and
00:07:56 --> 00:08:00: including the whole concept of stranded assets, which is, which
00:08:00 --> 00:08:04: is, you know, obviously terrifying, but but that's going to
00:08:04 --> 00:08:04: happen.
00:08:04 --> 00:08:06: They're they're going to be stranded assets out there.
00:08:07 --> 00:08:10: And so I think the good news is the inflation
00:08:10 --> 00:08:13: reduction Act is, is here, it's long term policy, it's
00:08:13 --> 00:08:14: going to be here with us.
00:08:14 --> 00:08:16: It's a, it, most of these things are 10 years,
00:08:16 --> 00:08:18: give or take a year or two.
00:08:19 --> 00:08:21: And it's, and it's stuff that you can really, really
00:08:21 --> 00:08:22: plan around.
00:08:22 --> 00:08:24: And I think today we're going to throw a lot
00:08:24 --> 00:08:25: of information at, at you.
00:08:25 --> 00:08:27: I, I think we don't expect you to absorb all
00:08:27 --> 00:08:29: of it, but I, I think hopefully what you can
00:08:30 --> 00:08:32: take away from, from the presentation today is enough to,
00:08:32 --> 00:08:35: to learn enough about these programs to know, OK, is
00:08:35 --> 00:08:38: this something that I might be interested in applying to
00:08:38 --> 00:08:41: a project that I'm working on that that is relevant
00:08:41 --> 00:08:42: to a project that I'm working on?
00:08:42 --> 00:08:44: And if so, how can I dig a little deeper
00:08:44 --> 00:08:45: and try to make that happen?
00:08:47 --> 00:08:48: So let's jump in.
00:08:48 --> 00:08:49: We can go to the next slide.
00:08:54 --> 00:08:55: So you'll we'll recall this was a law.
00:08:55 --> 00:09:00: It passed two years ago, August 16th of 2022.
00:09:00 --> 00:09:02: It it was, it was bouncing around in Congress for
00:09:02 --> 00:09:03: quite some.
00:09:03 --> 00:09:06: It was based on President Biden's Build Back Better agenda.
00:09:06 --> 00:09:09: It was sort of renamed the Inflation Reduction Act at
00:09:09 --> 00:09:12: the last minute after some negotiations with Senator Joe Manchin
00:09:12 --> 00:09:14: of West Virginia, who had been holding it up.
00:09:15 --> 00:09:19: And it passed really right at about two years ago
00:09:19 --> 00:09:23: and and was signed into law by President Biden.
00:09:23 --> 00:09:25: And like I would say, like most products of today's
00:09:25 --> 00:09:26: politics, it is not perfect.
00:09:26 --> 00:09:28: There are certainly things that we would have liked to
00:09:28 --> 00:09:29: get in there that we did not.
00:09:30 --> 00:09:33: But is, as Marta said, it is the most ambitious.
00:09:33 --> 00:09:36: It is the largest climate package that any country has

00:09:36 --> 00:09:36: ever passed.
00:09:36 --> 00:09:40: And it was originally estimated cost about $370 billion.
00:09:40 --> 00:09:41: The climate provisions of the law.
00:09:42 --> 00:09:46: The Congressional Budget Office has recently updated that to $800
00:09:46 --> 00:09:46: billion.
00:09:46 --> 00:09:50: I think folks like Goldman Sachs have have estimated the
00:09:50 --> 00:09:52: cost at about one $1.2 trillion.
00:09:53 --> 00:09:56: And really the reason we don't know the answer to
00:09:56 --> 00:09:58: this is because the the IRA is a package of
00:09:58 --> 00:09:59: incentives.
00:09:59 --> 00:10:00: It is largely tax incentives.
00:10:00 --> 00:10:04: There's also grants and some low cost financing programs where
00:10:04 --> 00:10:06: we really know the price tag of, but the tax
00:10:06 --> 00:10:08: incentives are, are the bulk of it.
00:10:08 --> 00:10:11: And, and really what the cost and the ultimate impact
00:10:11 --> 00:10:13: of those tax incentives is, is going to be depend
00:10:13 --> 00:10:15: on how much we use them.
00:10:16 --> 00:10:18: And so you've seen these estimates rising.
00:10:18 --> 00:10:20: Mostly these numbers are going up because of what the,
00:10:21 --> 00:10:24: the the Congressional Budget Office and others the banks are
00:10:24 --> 00:10:26: seeing happening with manufacturing.
00:10:26 --> 00:10:28: You know, the IRA covers a lot of ground.
00:10:28 --> 00:10:33: It covers transportation manufacturing facilities, buildings, electric vehicles, all sorts
00:10:33 --> 00:10:36: of things consumer, you know, facing incentives.
00:10:37 --> 00:10:41: But what what's really driving these numbers at least early
00:10:41 --> 00:10:43: on to go up is a a really big surge
00:10:43 --> 00:10:47: based directly on the tax incentives in the IRA in
00:10:47 --> 00:10:51: domestic manufacturing of clean energy components and products.
00:10:51 --> 00:10:55: You're talking about electric vehicle factories being announced and and
00:10:55 --> 00:10:57: battery storage facilities being announced.
00:10:58 --> 00:10:59: And so that's really driving this up.
00:11:00 --> 00:11:04: But overall, the packages is expected to reduce emissions by
00:11:04 --> 00:11:08: greenhouse gas emissions by 40% by 2030 versus a 2005
00:11:08 --> 00:11:09: baseline.
00:11:10 --> 00:11:12: Again, impact depends on how much we use it.
00:11:12 --> 00:11:15: And I think really what that's another way of saying
00:11:15 --> 00:11:18: is there's, there's money on the table to be had

00:11:18 --> 00:11:20: and we and you know, it's, it's up to us
00:11:20 --> 00:11:22: to go out there and get it.
00:11:22 --> 00:11:24: I think it does, you know, obviously it does require
00:11:24 --> 00:11:26: moving away from the status quo.
00:11:26 --> 00:11:29: It's going to require you to do things differently.
00:11:30 --> 00:11:32: But I think if you, if you really dive in
00:11:32 --> 00:11:34: and take a hard look that that it is, it
00:11:34 --> 00:11:35: is not that challenging.
00:11:35 --> 00:11:37: And in some cases some of these provisions, some of
00:11:37 --> 00:11:40: the thresholds of for getting these incentives is not that
00:11:40 --> 00:11:40: challenging.
00:11:41 --> 00:11:44: And again, given the, the, the market and other forces
00:11:44 --> 00:11:47: we talked about earlier really make it a, a, a
00:11:47 --> 00:11:51: hopefully provides a really strong headwind for, for you and
00:11:51 --> 00:11:54: your projects as you're moving forward.
00:11:54 --> 00:11:55: This I would say just one other thing.
00:11:55 --> 00:11:57: It is incredibly broad in scope.
00:11:58 --> 00:12:01: This law is, is not just about climate.
00:12:02 --> 00:12:04: There are a lot of other policy goals that were
00:12:04 --> 00:12:05: embedded in this law.
00:12:05 --> 00:12:09: Things like workforce development where they put prevailing wage and
00:12:09 --> 00:12:12: in some cases apprenticeship requirements on to some of these
00:12:12 --> 00:12:15: incentives where you would have you have bonus incentives if
00:12:15 --> 00:12:18: you if you use prevailing wage and apprentices.
00:12:18 --> 00:12:22: There are provisions in there again, to stimulate domestic content
00:12:22 --> 00:12:25: of materials where you get bonus content or incentives or
00:12:25 --> 00:12:29: in some cases are required to use domestically manufactured goods
00:12:29 --> 00:12:33: in your products, a certain share percentage of domestically manufactured
00:12:33 --> 00:12:34: components in your products.
00:12:35 --> 00:12:38: And then there are provisions in there to try to
00:12:38 --> 00:12:43: drive investment into disadvantaged communities, whether that is a low
00:12:43 --> 00:12:46: income urban area or you know, census tract or a,
00:12:46 --> 00:12:49: or a, you know, former coal mining community that is
00:12:49 --> 00:12:51: that is hit with high unemployment.
00:12:51 --> 00:12:54: So all of those things, in my opinion, very, very
00:12:54 --> 00:12:57: good, very strong policy goals, but also add some complexity
00:12:57 --> 00:12:58: to this law.

00:12:58 --> 00:13:00: It's taken a couple of years to really get it
00:13:00 --> 00:13:02: out the door and get all the guidance up there
00:13:02 --> 00:13:03: because of that.
00:13:03 --> 00:13:05: And it adds a little bit of complexity for you
00:13:05 --> 00:13:08: as someone trying to really figure it out and navigate
00:13:08 --> 00:13:08: the law.
00:13:09 --> 00:13:10: These things add complexity.
00:13:10 --> 00:13:13: But in most cases, I will say the there are
00:13:13 --> 00:13:16: bonus credits and bonus incentives for meeting those kinds of
00:13:16 --> 00:13:18: criteria that that I just mentioned.
00:13:18 --> 00:13:21: So it, it has taken a little bit to get
00:13:21 --> 00:13:22: all of the guidance out of.
00:13:22 --> 00:13:24: So I think we're at a place now where we're
00:13:24 --> 00:13:27: still waiting on some guidance on certain provisions, but we're
00:13:27 --> 00:13:29: at a place now where you should be able to
00:13:29 --> 00:13:29: go in.
00:13:29 --> 00:13:31: There's enough information where you should be able to go
00:13:31 --> 00:13:34: in and, and determine whether you, whether, whether these incentives
00:13:34 --> 00:13:35: are something you can use.
00:13:35 --> 00:13:37: And in many cases you can go ahead and use
00:13:37 --> 00:13:39: and, and, and file your taxes or, or apply for
00:13:39 --> 00:13:40: the grant or whatever.
00:13:40 --> 00:13:42: A lot of the, many of the grant programs are,
00:13:42 --> 00:13:45: are well up and running many of the tax incentive
00:13:45 --> 00:13:48: programs they've had, you know, already getting, you know, strong
00:13:48 --> 00:13:48: uptake.
00:13:49 --> 00:13:50: And I think Jacob could probably speak to that a
00:13:50 --> 00:13:51: little bit more.
00:13:53 --> 00:13:53: OK.
00:13:53 --> 00:13:55: So let's jump to the next slide.
00:13:57 --> 00:14:00: So there are four primary tax incentives that we talk
00:14:00 --> 00:14:03: about with build buildings related tax incentives that we talk
00:14:03 --> 00:14:06: about with, with the IRA and there's the and, and
00:14:06 --> 00:14:08: they're up here on the screen.
00:14:08 --> 00:14:10: Now the Section 45 L this is for new homes,
00:14:10 --> 00:14:12: for for energy efficient homes.
00:14:12 --> 00:14:14: It's for single family or multifamily.
00:14:14 --> 00:14:17: The Section 1 seven and D deduction, which is for
00:14:17 --> 00:14:21: energy efficient commercial buildings, whether new or

existing buildings.
00:14:22 --> 00:14:23: And then this.
00:14:23 --> 00:14:26: And then the what Jacob's going to talk about is
00:14:26 --> 00:14:29: the Section 48 clean electricity investment tax credit, what people
00:14:29 --> 00:14:32: call the ITC and the 30C alternative, the fuel vehicle
00:14:32 --> 00:14:36: refuelling property credit, the most convoluted name of any of
00:14:36 --> 00:14:37: them, I think.
00:14:37 --> 00:14:41: But really people call it shorthanded as the EV charging
00:14:41 --> 00:14:41: credit.
00:14:42 --> 00:14:45: So those are the big four that we really look
00:14:45 --> 00:14:47: at and we can go to the next slide please.
00:14:51 --> 00:14:53: So Section 45 L and I should say many of
00:14:53 --> 00:14:56: these credits, if not all of them have been around
00:14:56 --> 00:14:57: for a long time.
00:14:58 --> 00:15:00: This one has been around since 2005 I believe, but
00:15:01 --> 00:15:03: most of them were were have been around for a
00:15:03 --> 00:15:06: long time, but they were pretty weak incentives and and
00:15:06 --> 00:15:09: have been significantly expanded not just in terms of the
00:15:09 --> 00:15:12: the money, but also in terms of how you can
00:15:12 --> 00:15:15: file, what types of projects qualify and what you have
00:15:15 --> 00:15:16: to do to qualify.
00:15:16 --> 00:15:18: So all of that was really expanded in the IRA.
00:15:18 --> 00:15:20: And so this is a good example of that.
00:15:20 --> 00:15:23: This used to be a $2000 tax credit for building
00:15:23 --> 00:15:26: the sort of an out of exceeding an outdated code
00:15:26 --> 00:15:29: reference and now they've, they've made it to where it's
00:15:29 --> 00:15:30: $2500.
00:15:30 --> 00:15:32: So this again is for new home construction, single family
00:15:32 --> 00:15:33: or multifamily.
00:15:34 --> 00:15:36: It can be for retrofits, but it it's going to
00:15:36 --> 00:15:39: be challenging to use it for retrofits because the programs
00:15:39 --> 00:15:43: that are referenced really aren't intended to be used for
00:15:43 --> 00:15:43: for renovations.
00:15:44 --> 00:15:45: They technically can be though.
00:15:46 --> 00:15:49: So anyway, it's $2500 for meeting Energy Star and $5000
00:15:49 --> 00:15:53: for meeting the Department of Energy's Zero Energy Ready Homes
00:15:53 --> 00:15:54: program.
00:15:56 --> 00:15:59: So it was previously restricted to properties of three stories
00:15:59 --> 00:15:59: or less.
00:15:59 --> 00:16:02: It's now any size multifamily can qualify for this.
00:16:02 --> 00:16:04: So $5000 per unit.

00:16:05 --> 00:16:10: Let's say, you know, you're doing 100 unit apartment complex
00:16:10 --> 00:16:11: there.
00:16:11 --> 00:16:13: If you're not familiar with these programs, there's really good
00:16:13 --> 00:16:15: information on the websites about how to do them.
00:16:15 --> 00:16:17: They have webinars and things like that about how to
00:16:17 --> 00:16:17: meet them.
00:16:19 --> 00:16:22: Energy Star is, you know, you're probably familiar with Energy
00:16:22 --> 00:16:24: Star, you know, on consumer products, but it is they
00:16:24 --> 00:16:27: also have Energy Star for homes and then they have
00:16:27 --> 00:16:29: a Energy Star is embedded is sort of the base,
00:16:29 --> 00:16:32: the basis of the zero energy ready homes program, which
00:16:32 --> 00:16:34: requires you to do Energy Star and, and beyond.
00:16:35 --> 00:16:38: One of the things, and I think we'll get into
00:16:38 --> 00:16:40: this a little bit more, but to be aware of
00:16:40 --> 00:16:43: is that this tax credit is taken when these product,
00:16:43 --> 00:16:46: when your project is finished and it's leased or sold.
00:16:46 --> 00:16:49: So if you're selling it or you're leasing it, let's
00:16:49 --> 00:16:52: say you build that 100 unit complex and you lease
00:16:52 --> 00:16:55: up all your units, you that's when you apply for
00:16:55 --> 00:16:57: the tax credit in that, in that tax year.
00:16:58 --> 00:17:00: And so there will be a little bit of a
00:17:00 --> 00:17:00: delay.
00:17:00 --> 00:17:01: You're not going to get this money upfront.
00:17:02 --> 00:17:04: There will be a little delay and we'll talk, we
00:17:04 --> 00:17:07: can talk later about, you know, how you might be
00:17:07 --> 00:17:08: able to to navigate that.
00:17:09 --> 00:17:12: This one does improve and include and I think Jacob's
00:17:12 --> 00:17:14: going to talk about it a little bit more.
00:17:14 --> 00:17:19: This one includes the prevailing wage requirements only for multifamily,
00:17:19 --> 00:17:22: not if you were doing single family homes.
00:17:24 --> 00:17:25: Next slide please.
00:17:28 --> 00:17:32: Section 17 ID also something that's been around for a
00:17:32 --> 00:17:36: while was roughly tripled and it is a sliding scale
00:17:36 --> 00:17:38: tax deduction, not a credit.
00:17:38 --> 00:17:39: The others we've been talking about are credits.
00:17:39 --> 00:17:42: This is a deduction and it is up to, it's
00:17:43 --> 00:17:46: 250 to $5 per square foot for meeting a certain
00:17:46 --> 00:17:51: performance level, a certain performance threshold.
00:17:51 --> 00:17:53: And I should say it's actually more like almost $3
00:17:53 --> 00:17:56: to $6 per square foot because this one adjusts for

00:17:56 --> 00:17:59: inflation every year and it just got a big bump
00:17:59 --> 00:18:01: over the past couple of years for inflation.
00:18:01 --> 00:18:05: So it's almost up to $6 per square foot for
00:18:05 --> 00:18:05: 179 D.
00:18:07 --> 00:18:10: It does require to get that full value, you have
00:18:10 --> 00:18:14: to meet prevailing wage and apprenticeship provisions that that Jacob
00:18:14 --> 00:18:15: is going to talk about.
00:18:15 --> 00:18:17: But and it's dropped significantly.
00:18:17 --> 00:18:20: It's 1/5 of what the full credit is if you
00:18:20 --> 00:18:22: if you don't do that.
00:18:22 --> 00:18:25: So there's a really strong incentive in there to use
00:18:25 --> 00:18:30: the the to use prevailing wage and apprenticeship and apprentices
00:18:30 --> 00:18:33: in your registered apprentices for this project.
00:18:34 --> 00:18:37: There is a way for nonprofits to access this.
00:18:37 --> 00:18:41: If you're doing a nonprofit development, say an affordable housing
00:18:41 --> 00:18:44: development, there is a way for nonprofits to access this
00:18:44 --> 00:18:48: through a process called allocation where the owner of the
00:18:48 --> 00:18:50: project who may not have tax liability can sign it
00:18:50 --> 00:18:53: over to the designer, which would be the architect or
00:18:53 --> 00:18:55: engineer working on the project.
00:18:56 --> 00:18:58: The next slide will show how what you have to
00:18:59 --> 00:18:59: do to get it.
00:18:59 --> 00:19:00: Really.
00:19:00 --> 00:19:03: So this is it's, it's based on performance and there's
00:19:03 --> 00:19:03: two pathways.
00:19:03 --> 00:19:07: There's one that is for existing buildings or at least
00:19:07 --> 00:19:09: intended as existing buildings.
00:19:09 --> 00:19:09: You could also use it.
00:19:10 --> 00:19:12: You can't really use it on new construction because you
00:19:12 --> 00:19:13: don't have the basis.
00:19:13 --> 00:19:16: But so it is a sliding scale of 25 to
00:19:16 --> 00:19:19: 50% energy use intensity.
00:19:19 --> 00:19:24: If you reduce your energy intensity by 25 to 50%,
00:19:24 --> 00:19:28: you get that sliding scale of 250 to $5.
00:19:28 --> 00:19:30: And again, it's, it's been adjusted and I need to
00:19:30 --> 00:19:32: adjust this slide to show that it's been adjusted for
00:19:32 --> 00:19:32: inflation.
00:19:33 --> 00:19:37: But the, but the, the performance you have to achieve
00:19:37 --> 00:19:40: is 25 to 50% better and that's over one year.

00:19:40 --> 00:19:43: So, so you do your renovation, you, you're done.
00:19:44 --> 00:19:48: You, you have your baseline pre retrofit renovation.
00:19:48 --> 00:19:50: And then you, you after one year, you, you measure
00:19:51 --> 00:19:54: your, your energy use intensity and, and based on how
00:19:54 --> 00:19:57: you, how much you've reduced it, you get a, a,
00:19:57 --> 00:19:58: a corresponding tax deduction.
00:19:59 --> 00:20:03: And then for new construction, it is a similar sliding
00:20:03 --> 00:20:06: scale, but it is based on exceeding an Ashray 90.1
00:20:07 --> 00:20:12: standard, which is the building energy performance standard from Ashray.
00:20:13 --> 00:20:17: If you're not familiar with that, but it is, you
00:20:17 --> 00:20:20: have to model the building, the new building to the
00:20:21 --> 00:20:25: demonstrate that you were doing 25 to 50% better again
00:20:25 --> 00:20:29: to get that same sliding scale deduction in exchange.
00:20:29 --> 00:20:33: I would say until 2027, this pathway is pretty easy
00:20:33 --> 00:20:36: to get, but it's based on the 2007 Ash Ray
00:20:36 --> 00:20:40: standard, which is not a very difficult standard to achieve.
00:20:40 --> 00:20:42: You only have to do 25 to 50% better than
00:20:43 --> 00:20:43: that.
00:20:43 --> 00:20:46: A lot of construction that's being built today already meets
00:20:46 --> 00:20:47: that.
00:20:47 --> 00:20:49: And so if you know, if you're even if you're,
00:20:49 --> 00:20:51: I have a project that's under way, you might want
00:20:51 --> 00:20:54: to check out whether you're you're going to you would
00:20:54 --> 00:20:55: hit that standard.
00:20:55 --> 00:20:56: Next slide, please.
00:20:59 --> 00:21:01: And then just I want to just talk a really
00:21:01 --> 00:21:03: quickly before I turn over to Jacob about a couple
00:21:03 --> 00:21:06: of the grant programs that and rebate programs and financing
00:21:06 --> 00:21:07: programs that that Marta mentioned.
00:21:07 --> 00:21:09: It's not just tax incentives.
00:21:09 --> 00:21:10: This is one that's really interesting.
00:21:10 --> 00:21:13: It's a Department of Energy home energy rebate program.
00:21:14 --> 00:21:17: This is almost $9 billion that's going to be distributed
00:21:17 --> 00:21:17: through the states.
00:21:18 --> 00:21:21: I checked in Washington and Oregon, for example, it's based
00:21:21 --> 00:21:23: on population allocation.
00:21:23 --> 00:21:25: So each state got an allocation of money.
00:21:25 --> 00:21:30: I think Washington, their application is already approved and they
00:21:30 --> 00:21:34: are, they have been allocated $166 million overall for this
00:21:34 --> 00:21:38: and Oregon 100 and 1300 and $14 million for all

00:21:38 --> 00:21:38: of this.
00:21:39 --> 00:21:44: So these are our electrification and energy efficiency rebates that
00:21:44 --> 00:21:49: go directly to homeowners or multifamily landlords for making these
00:21:49 --> 00:21:50: types of movements.
00:21:50 --> 00:21:54: And for the home efficiency rebates, it's typically going to
00:21:54 --> 00:21:56: range from about 2000 to $8000.
00:21:57 --> 00:22:00: And then for electrification it's a maximum of $14,000.
00:22:00 --> 00:22:01: A lot of really good incentives there for heat pumps
00:22:01 --> 00:22:02: and things like that.
00:22:02 --> 00:22:05: So if and it, this is all aimed, not all
00:22:05 --> 00:22:08: of it is required to be in low income, but
00:22:08 --> 00:22:11: it is the incentives and the, I mean the rebates
00:22:11 --> 00:22:14: are significantly higher if you are, if you are in
00:22:14 --> 00:22:18: a low income, if you're, if the money's going to
00:22:18 --> 00:22:21: a low income household or multifamily projects.
00:22:21 --> 00:22:23: So a lot of, again, a lot of really great
00:22:23 --> 00:22:26: programs are going to be, these are a couple of
00:22:26 --> 00:22:28: programs have already started.
00:22:28 --> 00:22:30: The ones in green there are the states where they've
00:22:30 --> 00:22:31: actually started their programs.
00:22:32 --> 00:22:33: And then the others they're in the sort of the
00:22:33 --> 00:22:34: application phase.
00:22:34 --> 00:22:36: But these are going to be these programs are going
00:22:36 --> 00:22:39: to be standing up certainly in, in Washington and Oregon
00:22:39 --> 00:22:41: soon and I think probably a lot of other states
00:22:41 --> 00:22:42: in the in the region.
00:22:43 --> 00:22:43: Next slide.
00:22:46 --> 00:22:47: And then one the last thing I want to touch
00:22:47 --> 00:22:48: on is the greenhouse gas reduction fund.
00:22:48 --> 00:22:51: So this is a really it was $27 billion, it's
00:22:51 --> 00:22:54: the largest single program in the IRA.
00:22:54 --> 00:22:57: It was, it's at the EPA and it is to
00:22:57 --> 00:23:02: essentially establish a network, a national network of green bank
00:23:02 --> 00:23:09: type financing institutions and capitalize those financing institutions to provide
00:23:09 --> 00:23:14: really low cost and and below market financing for green
00:23:14 --> 00:23:19: projects and, and particularly for green projects that are in
00:23:19 --> 00:23:21: disadvantaged communities.
00:23:21 --> 00:23:24: And so I think it's a it's a pretty complicated
00:23:24 --> 00:23:27: program, but the bottom line I think for for this

00:23:27 --> 00:23:30: community is that you should expect that there will be
00:23:30 --> 00:23:31: a lot more green banks.
00:23:32 --> 00:23:37: And CDF is community development financing institutions, financial institutions and
00:23:37 --> 00:23:41: others other non profit financial institutions that have a lot
00:23:41 --> 00:23:44: more money to lend out for projects that are achieving
00:23:44 --> 00:23:45: some of the goals.
00:23:45 --> 00:23:48: And one of the goals of the, one of the
00:23:48 --> 00:23:51: specific goals of the, of the program was to not
00:23:51 --> 00:23:55: just for, for, to meet for, for new construction buildings
00:23:55 --> 00:23:57: and for retrofitting existing buildings.
00:23:57 --> 00:24:00: So that's a buildings are a big priority area of
00:24:00 --> 00:24:00: this program.
00:24:01 --> 00:24:03: And so there should be a lot of really good
00:24:03 --> 00:24:06: and attractive financing available through these programs, including, for example,
00:24:07 --> 00:24:09: to provide some of that gap financing that I was
00:24:09 --> 00:24:11: talking about earlier to get you to, you know, let's
00:24:11 --> 00:24:14: say you're applying for the tax credit, but it's going
00:24:14 --> 00:24:16: to take you a few years to get it that
00:24:16 --> 00:24:18: there could be programs in there to get that.
00:24:18 --> 00:24:21: So I think with that, Marta, I will stop and
00:24:21 --> 00:24:23: hand it back over to you or or directly to
00:24:23 --> 00:24:24: Jacob.
00:24:25 --> 00:24:25: Awesome.
00:24:25 --> 00:24:26: Thank you so much.
00:24:26 --> 00:24:28: Ben, this is a terrific start to get us going.
00:24:28 --> 00:24:31: I know we we quickly passed over one of the
00:24:31 --> 00:24:32: your last slide there.
00:24:34 --> 00:24:34: Yes, I forgot.
00:24:35 --> 00:24:36: I forgot this slide.
00:24:36 --> 00:24:37: I don't know how I forgot it.
00:24:37 --> 00:24:39: All right, bring it on because I love this.
00:24:39 --> 00:24:40: Yeah, yeah, yeah.
00:24:40 --> 00:24:42: So, so one of the great things about, about the
00:24:42 --> 00:24:45: IRA is that you don't it's, it's really a menu
00:24:45 --> 00:24:47: of, of, of incentives and grants and programs.
00:24:47 --> 00:24:49: There's and you don't have to pick one.
00:24:49 --> 00:24:52: You can, you know, people call it stacking or braiding
00:24:52 --> 00:24:55: or you can, you can choose four or five.
00:24:55 --> 00:24:57: You could get a grant, you could get a two
00:24:57 --> 00:25:00: or three different tax credits and maybe a, a green

00:25:00 --> 00:25:02: bank, you know, loan for the same project.
00:25:02 --> 00:25:05: And so this, this is a very hypothetical.
00:25:05 --> 00:25:07: You know, don't, don't judge me on these numbers.
00:25:07 --> 00:25:09: I just kind of did some ballpark estimates.
00:25:09 --> 00:25:13: It's about what a hypothetical, let's say this is 100
00:25:13 --> 00:25:16: unit, you know, 150,000 square foot building and what things
00:25:16 --> 00:25:19: they might be able to take advantage of.
00:25:19 --> 00:25:22: So that 45 L tax credit for high efficiency new
00:25:22 --> 00:25:26: home construction, let's say you build this to Energy Star,
00:25:26 --> 00:25:29: $2500 per unit by 100 * 100 units, you're going
00:25:29 --> 00:25:31: to get a $250,000 tax credit.
00:25:32 --> 00:25:34: The 179 D tax deduction, you can use that also
00:25:34 --> 00:25:37: on multifamily because it's a commercial building.
00:25:38 --> 00:25:41: Let's say you do 35% better than that ASHRAE standard
00:25:41 --> 00:25:44: I mentioned, times 150,000 square feet.
00:25:44 --> 00:25:49: You're going to get a $525,000 tax deduction, which at
00:25:49 --> 00:25:52: a 25% tax rate is worth about $130,000.
00:25:53 --> 00:25:56: Let's say you put some some rooftop solar on this
00:25:56 --> 00:25:59: building and you spend $400,000 on that and you get
00:25:59 --> 00:26:00: the 30% credit.
00:26:00 --> 00:26:02: And Jacob's going to talk through all of this.
00:26:03 --> 00:26:05: You're ultimately going to get a 40% tax credit on
00:26:05 --> 00:26:06: that investment.
00:26:06 --> 00:26:10: So you're getting $160,000 tax credit based on that.
00:26:10 --> 00:26:12: And then you let's say you put in some EV
00:26:13 --> 00:26:16: charging in your in your parking area, you spend $100,000,
00:26:16 --> 00:26:17: you get a 30% tax credit on that.
00:26:19 --> 00:26:22: And then let's say you get one of those green
00:26:22 --> 00:26:24: bank loans at a very low interest rate and very
00:26:24 --> 00:26:27: favorable terms and you save $600,000 over the life of
00:26:27 --> 00:26:28: the loan.
00:26:29 --> 00:26:32: That's a value of about $101.2 million.
00:26:32 --> 00:26:34: You could easily adjust these numbers.
00:26:34 --> 00:26:36: Let's say you went for zero energy ready on, on
00:26:36 --> 00:26:39: 45 L you that would bump that one up to
00:26:39 --> 00:26:39: $500,000.
00:26:40 --> 00:26:43: You know, you could, you could definitely do more than
00:26:43 --> 00:26:43: 1.2.
00:26:43 --> 00:26:46: I was trying to be a little conservative here, but
00:26:46 --> 00:26:49: that just shows you what this can mean to the
00:26:49 --> 00:26:51: bottom line of of your project and how it can
00:26:51 --> 00:26:54: help make all of these things pencil out and again,

00:26:54 --> 00:26:57: add real, real value to the to the to your
00:26:57 --> 00:26:58: project once it's done.
00:26:59 --> 00:27:00: Thanks for the reminder, Marta.
00:27:03 --> 00:27:04: Absolutely happily.
00:27:04 --> 00:27:04: All right.
00:27:04 --> 00:27:05: Well, thank you, Ben.
00:27:05 --> 00:27:06: That was terrific.
00:27:06 --> 00:27:06: Folks.
00:27:06 --> 00:27:09: I want you to be aware that we have ample
00:27:09 --> 00:27:11: time saved at the end of this webinar for Q&A.
00:27:11 --> 00:27:14: We've got some questions teed up, but also really look
00:27:14 --> 00:27:17: forward to folks chiming in, putting your questions into the
00:27:17 --> 00:27:18: Q&A for us to address.
00:27:19 --> 00:27:21: So think on that, be prepared.
00:27:21 --> 00:27:24: And I'm going to pass it to Jacob to get
00:27:24 --> 00:27:25: into even more detail.
00:27:25 --> 00:27:28: Deep dive from energy tax savers, Jacob.
00:27:29 --> 00:27:32: Thank you, Marta, and thank you for having me.
00:27:32 --> 00:27:35: And Ben, thank you for starting me off here.
00:27:36 --> 00:27:39: We can go to the next slide, which is just
00:27:39 --> 00:27:41: an overview of, you know, what we're going to talk
00:27:41 --> 00:27:42: about here.
00:27:43 --> 00:27:45: Probably the most important thing on this slide is the
00:27:45 --> 00:27:45: QR code.
00:27:46 --> 00:27:49: If you take out your phone, you can take a
00:27:49 --> 00:27:50: picture of that QR code.
00:27:50 --> 00:27:52: It'll auto generate an e-mail.
00:27:52 --> 00:27:55: You hit send on that e-mail and you'll get a
00:27:55 --> 00:27:56: copy of all my slides.
00:27:56 --> 00:27:58: So and there's a number of links that we're going
00:27:58 --> 00:28:00: to send you as well because there's a number of
00:28:01 --> 00:28:03: links that you'll find very important in my slide deck
00:28:03 --> 00:28:05: and you're going to want those links.
00:28:06 --> 00:28:09: So don't hesitate to take a picture of that QR
00:28:09 --> 00:28:12: code, which will get Create an e-mail, you hit send
00:28:12 --> 00:28:15: and it'll auto send you a copy of the slides
00:28:15 --> 00:28:17: as well as that e-mail.
00:28:17 --> 00:28:20: And then I'm talking to the people of the future.
00:28:21 --> 00:28:22: This is a recorded presentation.
00:28:23 --> 00:28:25: That QR code works in the future.
00:28:26 --> 00:28:28: I always update it with my latest slide deck.
00:28:28 --> 00:28:32: So people of the future, please use the QR code

00:28:32 --> 00:28:35: as well and get a copy of those slides and
00:28:35 --> 00:28:36: all those links.
00:28:37 --> 00:28:40: I'm going to be talking about some of the credits
00:28:40 --> 00:28:43: that Ben passed all over to me.
00:28:43 --> 00:28:44: He talked about some of them.
00:28:44 --> 00:28:47: I'm going to talk about Section 48, the investment tax
00:28:47 --> 00:28:48: credit, the alternative energy credit.
00:28:49 --> 00:28:52: Eventually, very quickly, it's going to turn into Section 48
00:28:52 --> 00:28:52: E.
00:28:53 --> 00:28:57: And then we're going to talk about alternative fuelling, you
00:28:57 --> 00:28:59: know, the EV charging credit that's 30C.
00:28:59 --> 00:29:02: And lastly, as Ben mentioned, we're going to touch on
00:29:02 --> 00:29:04: prevailing wage and apprenticeship.
00:29:04 --> 00:29:07: It touches Section 48, it, it touches 30C, it touches
00:29:07 --> 00:29:10: the 179 D and prevailing wage touches 45 L, which
00:29:10 --> 00:29:15: Ben was talking about, although not apprenticeship, but prevailing wage
00:29:15 --> 00:29:20: and apprenticeship, important concepts for all the incidents, incentives and
00:29:20 --> 00:29:22: you'll see why pretty shortly off.
00:29:22 --> 00:29:24: And with that, let's go to the next slide.
00:29:24 --> 00:29:25: Now last chance to get that QR code.
00:29:27 --> 00:29:30: So here is all the technologies that are incentivized by
00:29:31 --> 00:29:31: Section 48.
00:29:32 --> 00:29:35: You know, Section 48 has been around for decades.
00:29:35 --> 00:29:40: You know, it's, it's, it's incentivize solar, it's incentivize ground
00:29:41 --> 00:29:41: source.
00:29:42 --> 00:29:47: It's a misnomer that the IRA enhance these credits.
00:29:47 --> 00:29:50: The first thing it does is actually it reduces the
00:29:50 --> 00:29:50: credit.
00:29:51 --> 00:29:53: The historical solar credit used to be 30%.
00:29:54 --> 00:29:57: Now there's something called the base credit that could be
00:29:57 --> 00:29:57: as low as 6%.
00:29:58 --> 00:30:02: Ground source base credit is 6%.
00:30:02 --> 00:30:05: The old ground source incentive was 10%.
00:30:06 --> 00:30:09: So the first thing they got the IRA did was
00:30:09 --> 00:30:10: reduce these credits.
00:30:11 --> 00:30:14: But if you meet all the requirements for all the
00:30:15 --> 00:30:19: different bonuses, you can actually increase the credit from 6%
00:30:20 --> 00:30:21: to 30 to 40 to 50.
00:30:21 --> 00:30:24: For solar and wind, it can go to 60 or
00:30:24 --> 00:30:27: 70 and it looks like IRS is opening that 60

00:30:27 --> 00:30:31: to 70 for the other technologies as well starting next
00:30:31 --> 00:30:32: year in May.
00:30:32 --> 00:30:36: So you can go 6070% on some of these incentives.
00:30:37 --> 00:30:39: Tremendous opportunity.
00:30:39 --> 00:30:43: Now combining heat and power disappears this year.
00:30:43 --> 00:30:44: Thermal storage.
00:30:44 --> 00:30:46: Thermal storage never had a tax incentive.
00:30:47 --> 00:30:50: Now it has a six percent, 30%, forty percent, 50%,
00:30:50 --> 00:30:53: you know, 2 ice tanks for the price of one.
00:30:53 --> 00:30:55: I say, you know, it's like a 2 for one
00:30:55 --> 00:30:57: sale when you get a 50% credit.
00:30:57 --> 00:31:02: Tremendous value section 48 because of the Inflation Reduction Act.
00:31:02 --> 00:31:05: But it's important to know if you don't meet the
00:31:05 --> 00:31:09: bonuses, you, you're stuck with a 6% credit, much lower
00:31:09 --> 00:31:10: tax credit.
00:31:10 --> 00:31:11: With that, let's go to the next slide.
00:31:13 --> 00:31:15: So before I get into all the bonuses, let's talk
00:31:15 --> 00:31:16: about elective pay.
00:31:17 --> 00:31:19: This is section 6417.
00:31:19 --> 00:31:20: It's a very special section of the code.
00:31:20 --> 00:31:23: It basically says that if you, if you're a state
00:31:23 --> 00:31:27: and local government or you're a not-for-profit and you, you
00:31:27 --> 00:31:29: can, you too can qualify for a Section 48 tax
00:31:29 --> 00:31:30: credit.
00:31:30 --> 00:31:32: It it, you know, I feel like Oprah Winfrey, you
00:31:32 --> 00:31:34: get a tax credit, you get a tax credit.
00:31:34 --> 00:31:37: You know, there's a tax credit available for state and
00:31:37 --> 00:31:40: local governments and not for profits, for tribal, for Tennessee
00:31:40 --> 00:31:43: Valley Authority there there's a tax credit now for all
00:31:43 --> 00:31:44: these entities.
00:31:44 --> 00:31:47: The one party that does not have a tax credit
00:31:47 --> 00:31:48: is federal projects.
00:31:48 --> 00:31:50: There is no tax credit for federal projects.
00:31:50 --> 00:31:54: So there's now this election pay for all those technologies.
00:31:54 --> 00:31:58: If you went back a slide, all those technologies, solar,
00:31:58 --> 00:32:02: wind, thermal storage, ground source, geothermal, all those technologies, state
00:32:02 --> 00:32:06: and local governments and not for profits can get that
00:32:06 --> 00:32:09: same tax credit in the form of an elective pay.
00:32:09 --> 00:32:11: Now, because they got this special way to get tax

00:32:12 --> 00:32:14: incentives, they put some additional requirements in.
00:32:15 --> 00:32:16: So you have to pre register.
00:32:17 --> 00:32:20: You have to pre register in order to qualify for
00:32:20 --> 00:32:21: the elective pay.
00:32:23 --> 00:32:24: What does pre register mean?
00:32:24 --> 00:32:26: You probably think oh before I do my project I
00:32:26 --> 00:32:27: need to register.
00:32:27 --> 00:32:27: Nope.
00:32:28 --> 00:32:31: You pre register after your project is placed in service.
00:32:31 --> 00:32:34: You finish your project, then you pre register for the
00:32:34 --> 00:32:34: credit.
00:32:35 --> 00:32:37: So the only time you can pre register is after
00:32:37 --> 00:32:39: your project is placed in service.
00:32:39 --> 00:32:40: You pre register.
00:32:41 --> 00:32:44: You then get a registration number and with that registration
00:32:44 --> 00:32:47: number then you file some tax forms and then IRS
00:32:47 --> 00:32:51: has promised that within 45 days they're going to send
00:32:51 --> 00:32:52: you a check for those.
00:32:52 --> 00:32:55: Those elective pay for that elective pay in all those
00:32:55 --> 00:32:57: categories, solar, wind and and so forth.
00:32:58 --> 00:33:00: There's a couple of potential haircuts.
00:33:00 --> 00:33:03: These haircuts are only for state and local governments and
00:33:03 --> 00:33:04: not-for-profit.
00:33:04 --> 00:33:07: So the first haircut is how you're paying for it.
00:33:07 --> 00:33:11: If a state and local government are not-for-profit, is using
00:33:11 --> 00:33:13: tax exempt bonds, there's a 15% haircut.
00:33:13 --> 00:33:14: What does that mean?
00:33:14 --> 00:33:18: It means that if you would have qualified for a
00:33:18 --> 00:33:22: 30% credit, your credit drops by 4 1/2 percent down
00:33:22 --> 00:33:22: to 25.5.
00:33:23 --> 00:33:24: Why 4 1/2 percent?
00:33:24 --> 00:33:27: 4 1/2 percent is 15% of 30.
00:33:27 --> 00:33:31: If you qualified for a 40% credit, you drop your
00:33:31 --> 00:33:33: credit by 6%, so you're down to 34%.
00:33:34 --> 00:33:37: So if you, if you're a state and local government
00:33:37 --> 00:33:40: or a not-for-profit and you use tax exempt bonds, you
00:33:40 --> 00:33:43: have to reduce by 15% the the value of the
00:33:43 --> 00:33:43: credit.
00:33:45 --> 00:33:46: There's a couple other haircuts.
00:33:46 --> 00:33:49: This, this is the domestic content haircut.
00:33:49 --> 00:33:52: If you start your project in 2024, there could be
00:33:53 --> 00:33:54: a 10% haircut.

00:33:54 --> 00:33:57: If you start your project in 2025, there could be
00:33:57 --> 00:33:57: a 15% haircut.
00:33:58 --> 00:34:01: If you start your project in 2026, there could be
00:34:01 --> 00:34:02: 100% haircut.
00:34:03 --> 00:34:04: That's correct.
00:34:04 --> 00:34:07: If you if you're a state and local government are
00:34:07 --> 00:34:11: not-for-profit or tribal and you start your project in 2026,
00:34:11 --> 00:34:12: there could be 100% haircut.
00:34:13 --> 00:34:16: These domestic content haircuts only kick in for people taking
00:34:16 --> 00:34:18: advantage of elected pay.
00:34:18 --> 00:34:21: If you're a taxpayer, you own your building, you're a
00:34:21 --> 00:34:21: taxpayer.
00:34:22 --> 00:34:24: There are no haircuts for domestic content.
00:34:25 --> 00:34:27: But if you're a state and local government are not-for-profit.
00:34:27 --> 00:34:30: Depending on when you start your project, there could be
00:34:30 --> 00:34:30: a haircut.
00:34:31 --> 00:34:33: There are two ways you can avoid that haircut.
00:34:33 --> 00:34:35: One way is your project is small.
00:34:36 --> 00:34:39: So for solar for example, if your projects under a
00:34:39 --> 00:34:40: MW, no haircut.
00:34:40 --> 00:34:44: If you're if you are doing ground source and you're
00:34:44 --> 00:34:47: under 284 tons or 3.4 million Btus per hour heating,
00:34:47 --> 00:34:49: no haircut, OK, there's no haircut.
00:34:50 --> 00:34:54: But if you're bigger than that, if you're bigger than
00:34:54 --> 00:34:57: a MW or bigger than 284 tons, the only way
00:34:57 --> 00:35:00: you can avoid these 1015 or 100% haircut is by
00:35:00 --> 00:35:03: meeting the domestic content requirement.
00:35:03 --> 00:35:06: So big projects have to start meeting domestic content for
00:35:06 --> 00:35:09: state and local governments and not for profits.
00:35:09 --> 00:35:12: They have to start meeting that in 2026.
00:35:12 --> 00:35:15: Otherwise there's no incentive whatsoever, OK.
00:35:16 --> 00:35:18: So it's important to know that, that if you're a
00:35:19 --> 00:35:22: state or local government or not-for-profit, you starting in 2026,
00:35:22 --> 00:35:24: projects started in 2026.
00:35:24 --> 00:35:26: If you're big, if you're bigger than a MW, you
00:35:27 --> 00:35:29: have to meet the domestic content requirement.
00:35:29 --> 00:35:34: And we'll talk about the domestic content requirement shortly on
00:35:34 --> 00:35:36: the next slide, Section 6418.
00:35:37 --> 00:35:40: Section 6418 is not available to state and local governments,
00:35:40 --> 00:35:42: not available to, not for profits.

00:35:42 --> 00:35:44: It's only available for tax paying entities.
00:35:45 --> 00:35:48: It it allows you to transfer your credit.
00:35:48 --> 00:35:50: Now why would you want to transfer your credit?
00:35:50 --> 00:35:52: If you're wildly profitable and you owe a lot of
00:35:52 --> 00:35:55: taxes, then I highly recommend you take the tax credit.
00:35:56 --> 00:35:58: But there are some entities that happen not to be
00:35:58 --> 00:36:01: profitable at the moment and they now have the ability
00:36:01 --> 00:36:02: to transfer their credit.
00:36:02 --> 00:36:03: They can actually sell their credit.
00:36:05 --> 00:36:08: One category reads real estate investment trusts.
00:36:08 --> 00:36:11: If you're a REIT, you typically don't pay taxes.
00:36:11 --> 00:36:14: So you a REIT is now going to be able
00:36:14 --> 00:36:17: to sell their tax credits using section 6418.
00:36:17 --> 00:36:20: Now to get this way to sell the credit, you
00:36:20 --> 00:36:22: do have to pre register.
00:36:22 --> 00:36:25: Once again, pre registration happens after the project is placed
00:36:25 --> 00:36:26: in service.
00:36:26 --> 00:36:29: So you have to finish your project, pre register, get
00:36:29 --> 00:36:32: a registration number, and then file paperwork to tell the
00:36:32 --> 00:36:34: IRS who you're transferring your credit to.
00:36:35 --> 00:36:39: We have located 7 different organizations that facilitate the transfer
00:36:39 --> 00:36:42: of credits, and so those are the names right there.
00:36:42 --> 00:36:45: If you copy down that QR code, you're going to
00:36:45 --> 00:36:48: get the actual link to each of these websites.
00:36:49 --> 00:36:51: So if you copy that QR code, you'll get a
00:36:51 --> 00:36:52: link to each of these websites.
00:36:52 --> 00:36:55: We have no affiliation with them, but we do know
00:36:55 --> 00:37:00: that they are working on transferring credits between sellers and
00:37:00 --> 00:37:00: buyers.
00:37:02 --> 00:37:04: So very beneficial for the RE industry is the ability
00:37:04 --> 00:37:06: to transfer your tax credits.
00:37:06 --> 00:37:10: Next slide, let's go into the bonuses.
00:37:10 --> 00:37:13: We started a 6%, but wait, there's more.
00:37:13 --> 00:37:14: There's a five time bonus.
00:37:14 --> 00:37:16: You too can qualify for the five time bonus.
00:37:18 --> 00:37:20: Really, there's only two ways to qualify for the bonus.
00:37:20 --> 00:37:23: There used to be if you started your project before
00:37:23 --> 00:37:25: January 29th, 2023, you could qualify.
00:37:25 --> 00:37:27: That's still true, but it's a hard time.
00:37:27 --> 00:37:29: It's hard to go back in time.

00:37:29 --> 00:37:31: You need a kind of a time machine, DeLorean kind
00:37:31 --> 00:37:32: of thing to do that.
00:37:33 --> 00:37:36: The two ways that are currently in existence is you're
00:37:36 --> 00:37:40: once again you're under a MW or under 3.4 million
00:37:40 --> 00:37:43: Btus per hour heating, 284 tons of cooling.
00:37:43 --> 00:37:46: If you're below, if your project is below that size,
00:37:46 --> 00:37:48: you qualify for the five time bonus.
00:37:48 --> 00:37:51: Your 6% credit goes to a 30% credit.
00:37:52 --> 00:37:54: If you're bigger than a MW though, the only way
00:37:55 --> 00:37:57: you can qualify for the five time bonus is by
00:37:57 --> 00:38:01: meeting both the prevailing wage and separately the apprenticeship requirement.
00:38:01 --> 00:38:05: Those are two separate requirements, prevailing wage and apprenticeship.
00:38:05 --> 00:38:07: You have to meet both of them.
00:38:07 --> 00:38:10: Not only do you have to meet that for the
00:38:10 --> 00:38:13: installation of the eligible project cost, but you also have
00:38:13 --> 00:38:16: to meet it for the subsequent five years for all
00:38:16 --> 00:38:18: alterations and repairs.
00:38:19 --> 00:38:22: If you're doing any alterations or repairs after you put
00:38:22 --> 00:38:25: the project in service, you have to meet prevailing wage
00:38:25 --> 00:38:26: and apprenticeship.
00:38:27 --> 00:38:30: And there's an annual attestation that must be filed stating
00:38:30 --> 00:38:34: that you use prevailing wage and apprenticeship for any alterations
00:38:34 --> 00:38:37: and repairs each year for five years after your project
00:38:37 --> 00:38:38: is done.
00:38:38 --> 00:38:41: So two ways to qualify for the five time bonus
00:38:41 --> 00:38:43: be smaller than a MW or if you're bigger than
00:38:43 --> 00:38:47: a MW meet the prevailing wage and apprenticeship requirement.
00:38:47 --> 00:38:49: The last thing we're going to go over is the
00:38:49 --> 00:38:51: prevailing wage and apprenticeship requirement.
00:38:51 --> 00:38:54: We'll, we'll go over those details on our last couple
00:38:54 --> 00:38:54: slides.
00:38:55 --> 00:38:56: Next slide.
00:38:58 --> 00:39:00: So, but what's a project when, when do you have
00:39:01 --> 00:39:02: to bring projects together?
00:39:02 --> 00:39:06: So IRS has created seven different criteria to determine if
00:39:06 --> 00:39:09: more than one project have to be added together.
00:39:10 --> 00:39:12: So let's say you're building a new building and you're
00:39:12 --> 00:39:14: putting solar on the roof and ground source on the
00:39:14 --> 00:39:14: ground.

00:39:14 --> 00:39:18:	You might have to add those projects together to determine
00:39:18 --> 00:39:21:	if you meet the domestic continent, to determine if you
00:39:21 --> 00:39:24:	meet the the, the prevailing wage and apprenticeship or the
00:39:24 --> 00:39:24:	one MW.
00:39:25 --> 00:39:26:	So what are the criteria?
00:39:26 --> 00:39:29:	If any two of these seven things are true, you
00:39:29 --> 00:39:30:	have to add the projects together.
00:39:31 --> 00:39:33:	So continuous piece of land.
00:39:33 --> 00:39:35:	So if if you're doing solar and ground source in
00:39:35 --> 00:39:38:	the same build, same building, you're going to need to
00:39:38 --> 00:39:40:	meet #1 is going to be one of two.
00:39:40 --> 00:39:42:	If any one of these other ones are true and
00:39:42 --> 00:39:46:	look at number six, single master construction contract, more than
00:39:46 --> 00:39:48:	likely you're going to have to add those projects together.
00:39:48 --> 00:39:51:	When confirming one MW.
00:39:51 --> 00:39:54:	And as you'll see, confirming domestic content, the ones that
00:39:55 --> 00:39:57:	we see come up often is number 5, number six
00:39:57 --> 00:40:00:	and number 7 and #1 so #1 is contiguous piece
00:40:00 --> 00:40:01:	of land.
00:40:02 --> 00:40:07:	#5 is same permits, number six is master construction contract
00:40:07 --> 00:40:09:	and #7 is financing.
00:40:09 --> 00:40:11:	If you finance them together, then you might have to
00:40:12 --> 00:40:12:	add them together.
00:40:12 --> 00:40:17:	When comparing against one MW determining energy community, determining you
00:40:17 --> 00:40:20:	know domestic content, you might have to add those projects
00:40:20 --> 00:40:23:	together based on these 7 criteria.
00:40:23 --> 00:40:25:	If any two of the seven are true, you might
00:40:25 --> 00:40:26:	have to add them together.
00:40:27 --> 00:40:28:	Next slide.
00:40:30 --> 00:40:31:	We started at 6%.
00:40:31 --> 00:40:33:	We got the five time bonus down to 30.
00:40:33 --> 00:40:34:	But wait, there's more.
00:40:34 --> 00:40:36:	There's the domestic content bonus.
00:40:36 --> 00:40:38:	You too can qualify for the domestic content bonus.
00:40:38 --> 00:40:40:	It is a 2% bonus if you're at the 6%
00:40:40 --> 00:40:41:	level.
00:40:41 --> 00:40:43:	So 6% goes to 8%.
00:40:44 --> 00:40:46:	But if you meet the five time bonus, that 2%
00:40:47 --> 00:40:47:	goes to 10%.
00:40:47 --> 00:40:50:	So your 30% credit turns into a 40% credit.

00:40:51 --> 00:40:55: There are two criteria for meeting the domestic content bonus
00:40:56 --> 00:40:59: criteria #1 is if there's any structural steel or iron
00:40:59 --> 00:41:03: on the project, 100% of it has to be domestically
00:41:03 --> 00:41:05: sourced and manufactured.
00:41:05 --> 00:41:09: So if there's any steel or iron on the project,
00:41:09 --> 00:41:13: 100% of the cost of it has to be domestically
00:41:13 --> 00:41:15: sourced and and manufactured.
00:41:17 --> 00:41:21: The second requirement on all manufactured product on a a
00:41:21 --> 00:41:25: project, depending on what year you start construction, you might
00:41:25 --> 00:41:28: need to meet a 40% target A45A50 or a 55%
00:41:28 --> 00:41:30: target where the manufactured product.
00:41:30 --> 00:41:34: When you take all the manufactured products for the entire
00:41:34 --> 00:41:38: project and you add them all together, they have to
00:41:38 --> 00:41:42: exceed the 404550 or 55 depending on which year that
00:41:42 --> 00:41:43: you start construction on.
00:41:44 --> 00:41:46: So you need to meet both of those requirements in
00:41:47 --> 00:41:49: order to get the domestic content bonus.
00:41:49 --> 00:41:53: One unfortunate part is that IRS right this second is,
00:41:53 --> 00:41:56: is their guidance says it needs to be calculated at
00:41:56 --> 00:41:57: the manufacturer cost level.
00:41:58 --> 00:42:02: No manufacturer is giving out their costs because it basically
00:42:02 --> 00:42:04: gives out their profit margin.
00:42:05 --> 00:42:07: So you have some choices.
00:42:08 --> 00:42:10: You could try to get the manufacture cost or you
00:42:10 --> 00:42:14: could do it at purchase price level, knowing that you're
00:42:14 --> 00:42:17: not following the guidance and knowing that you're meeting the
00:42:17 --> 00:42:20: spirit of the law instead of meeting the actual law
00:42:20 --> 00:42:21: itself.
00:42:21 --> 00:42:22: And that's the current guidance.
00:42:22 --> 00:42:24: We're hopeful that IRS will change their mind.
00:42:25 --> 00:42:28: They have created some safe harbours for solar and for
00:42:28 --> 00:42:30: wind and for battery.
00:42:31 --> 00:42:34: We think more technologies will get a safe harbour and
00:42:34 --> 00:42:37: hopefully those safe harbours will be very helpful in allowing
00:42:37 --> 00:42:40: you to easily qualify for the domestic content.
00:42:40 --> 00:42:43: But right this second, if you're trying to find the
00:42:43 --> 00:42:45: follow the exact guidance you got to do at the
00:42:45 --> 00:42:48: manufactured cost level and that's very difficult to get that
00:42:48 --> 00:42:50: information out of your manufacturers.
00:42:51 --> 00:42:55: Next slide, we start at 6%, we go to 30.

00:42:55 --> 00:42:57: Domestic content could bring us to 40.
00:42:57 --> 00:42:59: And then there's the Energy Community bonus.
00:43:00 --> 00:43:02: Also a 2% bonus could be 10% if you meet
00:43:02 --> 00:43:04: five time bonus rules.
00:43:04 --> 00:43:07: There are five ways to qualify for Energy Community, but
00:43:07 --> 00:43:09: IRS has only figured out how to do 4 of
00:43:09 --> 00:43:10: them.
00:43:10 --> 00:43:12: So the first way is if your project is on
00:43:12 --> 00:43:13: a brownfield site.
00:43:14 --> 00:43:16: So if your project's on a brownfield site, you'll automatically
00:43:16 --> 00:43:17: meet Energy Community.
00:43:18 --> 00:43:20: The other three are mapped based.
00:43:20 --> 00:43:23: So if you're in a census tract or adjoining census
00:43:23 --> 00:43:25: tract where a coal mine was closed since 2000, you
00:43:25 --> 00:43:27: get the Energy Community bonus.
00:43:27 --> 00:43:29: If you're in a census tract or adjoining census tract
00:43:29 --> 00:43:32: where a coal-fired plant was closed since 2010, you get
00:43:32 --> 00:43:33: the Energy Community bonus.
00:43:34 --> 00:43:36: The last one, those two, the coal mine and coal-fired
00:43:36 --> 00:43:39: plants, those are there for the entire length of the
00:43:39 --> 00:43:40: incentive.
00:43:40 --> 00:43:43: The last one is changes every year.
00:43:44 --> 00:43:47: If .17% of direct employment of your area is related
00:43:47 --> 00:43:50: to coal, oil or natural gas and that same area
00:43:50 --> 00:43:54: has higher than average unemployment, you also get the bonus.
00:43:54 --> 00:43:57: But it's based on when you start construction and that
00:43:57 --> 00:44:00: area could turn on and off over time.
00:44:00 --> 00:44:03: Every May, June time frame, they're going to re up
00:44:03 --> 00:44:05: the areas that qualify.
00:44:05 --> 00:44:08: And so it is very important that you start your
00:44:08 --> 00:44:11: project before May or June if you want to lock
00:44:11 --> 00:44:14: in this bonus if you happen to be in and
00:44:14 --> 00:44:17: you'll see on the map on on the next slide
00:44:17 --> 00:44:19: the purple areas, that's the URL.
00:44:20 --> 00:44:21: The URL is quite long.
00:44:21 --> 00:44:24: That's why you want to get the QR code because
00:44:24 --> 00:44:26: you you'll get that URL as a link and you
00:44:26 --> 00:44:27: can just click on it.
00:44:27 --> 00:44:30: Next slide will show you where that that link brings
00:44:30 --> 00:44:30: you.
00:44:32 --> 00:44:35: So this is a map of some of the Pacific

00:44:35 --> 00:44:36: Northwest.
00:44:37 --> 00:44:40: The greenish areas, the dark green and the light green,
00:44:40 --> 00:44:43: that's the coal, coal mine or coal-fired plant Closings.
00:44:43 --> 00:44:46: The purple is the .17%.
00:44:46 --> 00:44:50: The purple is the ones that will disappear potentially every
00:44:50 --> 00:44:52: May, June time frame.
00:44:52 --> 00:44:55: So if you're considering to start a project in one
00:44:56 --> 00:44:59: of the purple areas, you can you, you're going to
00:44:59 --> 00:45:03: want to start that project before May or June because
00:45:03 --> 00:45:06: that purple area could potentially disappear.
00:45:07 --> 00:45:09: The best thing you can do is go to that
00:45:09 --> 00:45:11: URL on the bottom of the page and you can
00:45:11 --> 00:45:13: actually type in your address.
00:45:13 --> 00:45:15: We've already had projects where across the street was an
00:45:15 --> 00:45:18: energy community, but our side of the street was not
00:45:18 --> 00:45:19: an energy community.
00:45:19 --> 00:45:21: So you can zoom all the way down to your
00:45:21 --> 00:45:24: your project location and determine if you're in a green
00:45:24 --> 00:45:25: area or a purple area.
00:45:25 --> 00:45:29: But once again, those purple areas may change in the
00:45:29 --> 00:45:30: May, June time frame.
00:45:30 --> 00:45:33: And so if if you're considering a project in one
00:45:33 --> 00:45:36: of those purple areas, if you want to lock in
00:45:36 --> 00:45:39: this 10%, you're going to want to get that project
00:45:39 --> 00:45:43: started start of construction before they change the, the, the
00:45:43 --> 00:45:46: map and that purple could turn to non purple next
00:45:46 --> 00:45:46: slide.
00:45:49 --> 00:45:50: So wait, there's more.
00:45:50 --> 00:45:51: There's one more bonus.
00:45:52 --> 00:45:53: It's the low income bonus.
00:45:53 --> 00:45:55: The low income bonus is different than the other ones.
00:45:55 --> 00:45:58: The other ones, if you meet the requirements, you qualify.
00:45:58 --> 00:46:01: The low income bonus is limited funds.
00:46:01 --> 00:46:03: There's limited amount of funds here.
00:46:03 --> 00:46:04: You have to apply for it.
00:46:05 --> 00:46:07: It's only available last year for solar wind.
00:46:08 --> 00:46:10: It's our understanding that they're opening it up to the
00:46:10 --> 00:46:11: other technologies.
00:46:11 --> 00:46:15: But the last go around is solar wind.
00:46:15 --> 00:46:17: There is a application process.
00:46:17 --> 00:46:20: It happens in the June, May, June time frame.
00:46:20 --> 00:46:23: So next May, June, there'll be another application.

00:46:23 --> 00:46:26: You have to apply to a certain category.
00:46:26 --> 00:46:29: They tell you how many megawatts are available in each
00:46:29 --> 00:46:32: of those categories and what the credit amount, what the
00:46:32 --> 00:46:33: bonus is for that category.
00:46:33 --> 00:46:36: What I would tell you is we applied for some
00:46:36 --> 00:46:37: of these.
00:46:37 --> 00:46:41: There were some categories that were 30 times oversubscribed, meaning
00:46:41 --> 00:46:44: you had a one in 30 shot of qualifying.
00:46:44 --> 00:46:46: There were some categories that were closer to 1 to
00:46:46 --> 00:46:46: one.
00:46:47 --> 00:46:50: For example #2 if you're located on tribal lands, you,
00:46:50 --> 00:46:54: you, if you applied, you'd probably get your, your what
00:46:54 --> 00:46:55: you applied for.
00:46:56 --> 00:46:58: So some of the categories were closer to 1 for
00:46:58 --> 00:46:59: one.
00:46:59 --> 00:47:02: Others were wildly oversubscribed #1 and #4 I think, you
00:47:02 --> 00:47:05: know, number one, there were some areas that were 30
00:47:05 --> 00:47:08: times oversubscribed #4 I think it was like 10 times
00:47:08 --> 00:47:08: overscribed.
00:47:09 --> 00:47:09: Subscribed.
00:47:09 --> 00:47:12: You got a one in 10 shot of getting the
00:47:12 --> 00:47:12: bonus.
00:47:13 --> 00:47:17: Next slide, next.
00:47:18 --> 00:47:20: So these are the four categories.
00:47:20 --> 00:47:22: I'm not going to go into detail here because of
00:47:22 --> 00:47:25: time, but the first category is mapped based.
00:47:25 --> 00:47:29: The third and 4th category is based on residential programs
00:47:29 --> 00:47:33: or or residential based on the residents that are using
00:47:33 --> 00:47:34: the energy.
00:47:34 --> 00:47:36: The second one is basically tribal lands.
00:47:37 --> 00:47:38: The next slide shows a map.
00:47:39 --> 00:47:43: Unfortunately, we have a lot of low income communities on
00:47:43 --> 00:47:46: the next slide and if you're in the green area,
00:47:46 --> 00:47:49: not the purple, but if you're in a green area,
00:47:49 --> 00:47:53: you're in a low income community and you qualify for
00:47:53 --> 00:47:55: applying for the low income bonus.
00:47:55 --> 00:47:57: The low income bonus is an application.
00:47:57 --> 00:47:58: There's limited funds there.
00:47:59 --> 00:48:00: You don't always qualify.
00:48:02 --> 00:48:04: We applied the first go around this, the second go
00:48:04 --> 00:48:07: around they haven't allocated yet, but the first go around

00:48:07 --> 00:48:09: we applied for 30 different buildings.
00:48:09 --> 00:48:11: We won ten of them.
00:48:11 --> 00:48:13: So, you know, we had a lot of calls where
00:48:13 --> 00:48:16: we had to tell people the bad news that they
00:48:16 --> 00:48:19: did not qualify, but ten were winners of the bonus.
00:48:20 --> 00:48:21: Next slide.
00:48:22 --> 00:48:23: So here it is again.
00:48:23 --> 00:48:28: Here's all the technologies that qualify for this incentive.
00:48:28 --> 00:48:30: It starts at a 6%, but you can go to
00:48:30 --> 00:48:32: 30, you can go to 40, you can go to
00:48:32 --> 00:48:34: 50 if you're low income, you can go to 60
00:48:34 --> 00:48:36: or 70 if you win those incentives.
00:48:37 --> 00:48:40: All that being said, most of Section 48 ends at
00:48:40 --> 00:48:41: the end of this year.
00:48:42 --> 00:48:48: So there is no more Section 48 for most technologies
00:48:48 --> 00:48:50: after December 31st, 2024.
00:48:51 --> 00:48:56: But luckily next slide we have the clean electricity ITC
00:48:56 --> 00:49:01: that comes in starting for started construction in 2025.
00:49:01 --> 00:49:05: It's called Section 48 E You'll notice the technologies that
00:49:05 --> 00:49:05: are green.
00:49:05 --> 00:49:10: Those easily switch over to 48 from 48 to 48
00:49:10 --> 00:49:11: E ground source.
00:49:11 --> 00:49:15: Ground source is the only technology that does not leave
00:49:15 --> 00:49:15: 48.
00:49:15 --> 00:49:19: Every other technology either switches or dies.
00:49:20 --> 00:49:22: Either switches or dies, basically.
00:49:22 --> 00:49:23: What's the gist of 48 E?
00:49:23 --> 00:49:25: The gist of 48 E is that you're not using
00:49:25 --> 00:49:28: greenhouse gases to generate electricity.
00:49:28 --> 00:49:30: So a you have to you generate electricity and B,
00:49:30 --> 00:49:33: you're not creating greenhouse gases when you're doing it.
00:49:34 --> 00:49:37: So that that's the gist of 48 E Ground source
00:49:37 --> 00:49:40: is the only technology that stays in section 48 and
00:49:40 --> 00:49:43: it's good in section 48 all the way out to
00:49:43 --> 00:49:46: 112035 and everything else switches over to 48 E But
00:49:46 --> 00:49:50: you'll see like technologies like CHP, most CHP is burning
00:49:50 --> 00:49:51: natural gas.
00:49:52 --> 00:49:55: There is no tax credit for CHP for start of
00:49:55 --> 00:49:57: construction in 2025.
00:49:57 --> 00:50:00: You have to start your construction on combined heat and
00:50:00 --> 00:50:03: power project CHP in 2024 or there will be no
00:50:03 --> 00:50:05: tax incentive going forward.

00:50:06 --> 00:50:11: So some technologies transfer, some die and only ground source
00:50:11 --> 00:50:16: stays back in Section 48, next slide, ground source is
00:50:16 --> 00:50:18: specifically advantage.
00:50:18 --> 00:50:21: It is the one technology that has a dramatic advantage
00:50:21 --> 00:50:22: over other technologies.
00:50:22 --> 00:50:25: And that is, not only does the bore field and
00:50:25 --> 00:50:28: the heat pump qualify, but depending on how much energy
00:50:28 --> 00:50:32: is flowing through the distribution from other sources, all the
00:50:32 --> 00:50:37: distribution system, VAV boxes, ductwork, air handlers, diffusers, all that,
00:50:37 --> 00:50:41: all that equipment that distributes the energy from the ground
00:50:41 --> 00:50:43: source could potentially be qualified.
00:50:44 --> 00:50:46: It depends on how much energy is coming from the
00:50:46 --> 00:50:49: ground compared to how much energy is coming from a
00:50:49 --> 00:50:50: conventional source.
00:50:50 --> 00:50:54: So if you designed your system that the ground was
00:50:54 --> 00:50:57: providing 80% of the energy and 20% was coming from
00:50:57 --> 00:51:01: a gas boiler, for example, then 80% of the installed
00:51:01 --> 00:51:05: cost of all that distribution system would be eligible.
00:51:05 --> 00:51:08: This is one of the few technologies in section 48
00:51:08 --> 00:51:12: that allow for the distribution to qualify as well.
00:51:12 --> 00:51:13: That same equipment.
00:51:13 --> 00:51:15: If if you designed a building and you just put
00:51:15 --> 00:51:18: a typical package unit on the roof and then you
00:51:18 --> 00:51:21: have distribution of ductwork and, and and the life afterwards,
00:51:21 --> 00:51:23: none of that stuff will qualify for anything.
00:51:24 --> 00:51:26: You take out the package unit, put in the ground
00:51:26 --> 00:51:29: source heat pump and now magically all that equipment now
00:51:29 --> 00:51:30: becomes credit eligible.
00:51:31 --> 00:51:34: So a tremendous value and you qualify for that same
00:51:35 --> 00:51:38: credit, you know, 6%, 30%, forty, 50-60, well, 50.
00:51:39 --> 00:51:41: And then if you get the low income bonus, maybe
00:51:41 --> 00:51:41: 60 or 70.
00:51:42 --> 00:51:45: So very valuable for the ground source industry because they're
00:51:45 --> 00:51:48: the few, they're one of the few technologies that has
00:51:48 --> 00:51:52: the distribution also qualifying, but you only qualify up to
00:51:52 --> 00:51:52: the percentage.
00:51:53 --> 00:51:54: Now there's something called the 50% Cliff.
00:51:55 --> 00:51:59: So if for example, the gas boiler provides 55% of
00:51:59 --> 00:52:04: your annual energy and the ground source 45% of your

00:52:04 --> 00:52:07: energy, you can't take any of the distribution.
00:52:07 --> 00:52:11: There's the 50% clip, the ground source has to be
00:52:11 --> 00:52:14: over 50 for you to take that percentage of the
00:52:14 --> 00:52:17: installed cost of that, that dual use equipment.
00:52:17 --> 00:52:21: So very valuable for ground source and ground source alone
00:52:21 --> 00:52:24: because it's not available for other technologies.
00:52:24 --> 00:52:26: And that brings us right to another technology.
00:52:27 --> 00:52:30: Next slide, thermal storage, where you're making ice at night
00:52:30 --> 00:52:32: and cooling your building down during the day.
00:52:33 --> 00:52:35: Thermal storage does not include the distribution.
00:52:36 --> 00:52:39: Thermal storage is limited to the tank and the chiller
00:52:39 --> 00:52:41: making the ice in the tank.
00:52:41 --> 00:52:44: So thermal storage has to be directly connected to an
00:52:44 --> 00:52:45: HVAC system.
00:52:45 --> 00:52:48: That's the line, that's the rule part that makes the
00:52:48 --> 00:52:52: distribution not qualified because there's something called thermal storage and
00:52:52 --> 00:52:53: something else called HVAC.
00:52:53 --> 00:52:56: There's a connection between the two and you don't get
00:52:56 --> 00:52:58: a credit for the HVAC.
00:52:58 --> 00:53:01: You only get a credit for the thermal storage portion
00:53:01 --> 00:53:02: where the chiller comes in.
00:53:02 --> 00:53:04: As you remove heat from or add heat to a
00:53:04 --> 00:53:07: storage medium, well, that's your chiller that's creating that, you
00:53:08 --> 00:53:11: know that energy that's going into the thermal storage system.
00:53:11 --> 00:53:14: And then it's only for providing heat and cooling for
00:53:14 --> 00:53:16: interior of residential or commercial buildings.
00:53:16 --> 00:53:19: Just so you're aware of residential commercial buildings means all
00:53:19 --> 00:53:22: buildings, but it what it doesn't mean is processes.
00:53:22 --> 00:53:26: So if you have thermal storage, heating, cooling, your process
00:53:26 --> 00:53:27: doesn't qualify.
00:53:27 --> 00:53:28: It has to be a building.
00:53:29 --> 00:53:30: So it has to be a building.
00:53:30 --> 00:53:33: And thermal storage is is weird because it doesn't generate
00:53:33 --> 00:53:37: electricity, but it's part of the clean electricity investment tax
00:53:37 --> 00:53:37: credit.
00:53:38 --> 00:53:41: They just took it out of 48 and dumped it
00:53:41 --> 00:53:41: into 48 E.
00:53:41 --> 00:53:43: So it does exist.

00:53:43 --> 00:53:46: It continues all the way out to the twenty 30s,
00:53:46 --> 00:53:49: but it is in 48 E, It doesn't stay in
00:53:49 --> 00:53:50: Section 48.
00:53:50 --> 00:53:52: It goes into 48 E, but the rules don't change
00:53:52 --> 00:53:55: at all for thermal storage where you're making ice at
00:53:55 --> 00:53:57: night and cooling your building down in the day.
00:53:58 --> 00:54:03: Next slide, OK, that was Section 48.
00:54:03 --> 00:54:04: We're going to take a pause on Section 48.
00:54:04 --> 00:54:06: This is a completely different tax incentive.
00:54:07 --> 00:54:11: Section 30C as Ben mentioned, it's typically called the EV
00:54:11 --> 00:54:12: charging credit.
00:54:13 --> 00:54:15: It is once again, it is a 6% credit.
00:54:16 --> 00:54:17: It is a 6% credit.
00:54:17 --> 00:54:20: But guess how you qualify for the 30% credit?
00:54:20 --> 00:54:22: You're right, prevailing wage and apprenticeship.
00:54:22 --> 00:54:25: If you meet, if you install it using prevailing wage
00:54:25 --> 00:54:28: and apprenticeship, your 6% turns into 30%.
00:54:28 --> 00:54:32: There is a maximum credit amount, it's $100,000 that's you
00:54:32 --> 00:54:34: Max out your credit.
00:54:34 --> 00:54:37: So if you have, you know, if you have a
00:54:37 --> 00:54:41: project that is, you know, it's $100,000 per stanchion by
00:54:41 --> 00:54:42: the way.
00:54:42 --> 00:54:45: So each one of those stanchions is eligible for up
00:54:45 --> 00:54:47: to $100,000 credit.
00:54:48 --> 00:54:49: Once again, there is a map.
00:54:49 --> 00:54:52: So this is a little different than the others incentives.
00:54:52 --> 00:54:56: There are some places on on the map where you
00:54:56 --> 00:54:58: do not qualify for Section 30C.
00:54:58 --> 00:55:02: In general, it comes down to wealthy suburbs.
00:55:02 --> 00:55:05: So if you're in a wealthy suburb, more than likely
00:55:05 --> 00:55:07: you do not qualify for this credit.
00:55:07 --> 00:55:10: And if you go 2GO2 slides forward and then we'll
00:55:10 --> 00:55:11: go 1 slide back.
00:55:11 --> 00:55:14: So this is the map it you can see little
00:55:14 --> 00:55:15: spots of grey.
00:55:15 --> 00:55:19: Those little spots of grey are typically the suburbs outside
00:55:19 --> 00:55:20: of a city.
00:55:20 --> 00:55:23: So how are you qualifying for this?
00:55:23 --> 00:55:24: You can go back one slide.
00:55:24 --> 00:55:27: You qualify for this by either being at a low
00:55:27 --> 00:55:30: income community or you're in a rural area, a non
00:55:30 --> 00:55:31: urban area.

00:55:31 --> 00:55:33: So suburbs are considered urban.
00:55:33 --> 00:55:36: That was a surprise to me as as well.
00:55:36 --> 00:55:39: But if you're in a low income community, you qualify
00:55:39 --> 00:55:40: for this credit.
00:55:40 --> 00:55:42: If you're in a rural area, you qualify for this
00:55:42 --> 00:55:42: credit.
00:55:43 --> 00:55:45: But if you're in a suburban kind of area that
00:55:45 --> 00:55:49: isn't low income, then you do not qualify for this
00:55:49 --> 00:55:50: credit at all.
00:55:50 --> 00:55:51: There is no credit for you.
00:55:52 --> 00:55:54: Once again, you need to be prevailing wage and apprenticeship.
00:55:54 --> 00:55:55: Get the five time bonus.
00:55:56 --> 00:56:00: There's $100,000 credit per item available to you.
00:56:01 --> 00:56:04: It is only available for recharging property located at the
00:56:04 --> 00:56:06: point where the vehicle is recharged.
00:56:06 --> 00:56:09: So depending on where you're changing like switch gear or
00:56:09 --> 00:56:12: that type of infrastructure, if it's not at the point
00:56:12 --> 00:56:15: where the vehicle is recharged, you might not be able
00:56:15 --> 00:56:17: to take that as part of your credit.
00:56:18 --> 00:56:20: So that's important to know as well.
00:56:21 --> 00:56:23: Next slide or two more slides.
00:56:25 --> 00:56:29: So prevailing wage and apprenticeship prevailing wage is federal prevailing
00:56:29 --> 00:56:30: wage.
00:56:30 --> 00:56:32: It is Davis Bacon prevailing wage.
00:56:32 --> 00:56:35: It's looked up at this website, sam.gov.
00:56:35 --> 00:56:38: You go to that website, you type in your your
00:56:38 --> 00:56:41: information about your project and it will tell you a
00:56:41 --> 00:56:43: prevailing wage for each labour class.
00:56:43 --> 00:56:45: On occasion they have a labour class that's missing.
00:56:46 --> 00:56:48: If you need a wage determination, you have to send
00:56:48 --> 00:56:51: an e-mail to that e-mail address and you have to
00:56:51 --> 00:56:53: provide all this information in that e-mail.
00:56:53 --> 00:56:57: And when you provide that information, they will send back
00:56:57 --> 00:57:00: a, a, a wage determination for the labor class that
00:57:00 --> 00:57:01: was missing.
00:57:02 --> 00:57:04: You do need to keep records to prove that you
00:57:04 --> 00:57:05: met the prevailing wage.
00:57:05 --> 00:57:07: The best one is certified payroll.
00:57:07 --> 00:57:11: It it the ideal is that WH-347 form, it includes
00:57:11 --> 00:57:15: all the information needed in order to confirm that employee

00:57:15 --> 00:57:19: A met the prevailing wage requirement and also can be
00:57:19 --> 00:57:24: used for the apprenticeship requirement, which is the next slide.
00:57:24 --> 00:57:29: Let's move to the next slide, four requirements to meet
00:57:29 --> 00:57:30: apprentice.
00:57:30 --> 00:57:32: First requirement is called the labor hours requirement.
00:57:33 --> 00:57:36: This is based on labor hours for the total project.
00:57:36 --> 00:57:40: 15% of total labor hours has to come from apprentices.
00:57:40 --> 00:57:44: So you find out the total apprentice hours, you divide
00:57:44 --> 00:57:46: it by the total hours after the project is done,
00:57:47 --> 00:57:49: 15% of it has to come from apprentices.
00:57:49 --> 00:57:50: That's the labor hour requirement.
00:57:51 --> 00:57:53: The second requirement is the participation requirement.
00:57:54 --> 00:57:57: For every contractor or subcontractor on a job that has
00:57:57 --> 00:57:59: four or more workers, at least one of them has
00:57:59 --> 00:58:00: to be an apprentice.
00:58:00 --> 00:58:03: So if you have 4:00 work laborers on the job,
00:58:03 --> 00:58:04: one has to be an apprentice.
00:58:04 --> 00:58:06: If you have 25, only one of them has to
00:58:06 --> 00:58:09: be an apprentice to meet the participation requirement.
00:58:09 --> 00:58:11: Although it that wouldn't help you very much on the
00:58:11 --> 00:58:14: 15% number for the labor hour requirement, but those are
00:58:14 --> 00:58:17: two separate requirements and there could be penalties for not
00:58:17 --> 00:58:18: meeting them.
00:58:18 --> 00:58:22: So labor requirement, 1 requirement, participation requirement, and 2nd requirement.
00:58:22 --> 00:58:23: Those are kind of floors.
00:58:23 --> 00:58:26: You have to be above them, your apprentices, you have
00:58:26 --> 00:58:30: to have more apprentices than what's listed at or more.
00:58:30 --> 00:58:31: So those are floor.
00:58:31 --> 00:58:34: There's also a ratio requirement that's like a ceiling.
00:58:34 --> 00:58:37: They don't want a bunch of apprentices running around unsupervised.
00:58:38 --> 00:58:41: So there's something called The Apprentice to journey worker ratio
00:58:41 --> 00:58:42: and you have to be below that.
00:58:42 --> 00:58:45: So you can't have a whole bunch of apprentices running
00:58:45 --> 00:58:46: around unsupervised.
00:58:47 --> 00:58:50: That's the ratio requirement, the ratio that apprentice to journey
00:58:50 --> 00:58:54: worker ratio is governed by the registered Apprenticeship program.
00:58:54 --> 00:58:55: So that's the 4th test.

00:58:56 --> 00:58:59: Every apprentice has to be on a registered apprenticeship, part
00:58:59 --> 00:59:01: of a registered apprenticeship program.
00:59:01 --> 00:59:03: A, we have to check that that person is on
00:59:03 --> 00:59:06: the rolls of the registered apprenticeship program and B, we
00:59:06 --> 00:59:08: have to check that the registered apprenticeship program is on
00:59:09 --> 00:59:11: one of the list, either the state list or the
00:59:11 --> 00:59:13: federalist as being a registered apprenticeship program.
00:59:13 --> 00:59:15: So that's the 4th requirement.
00:59:15 --> 00:59:20: Labour our requirement 15% participation requirement 1 if four or
00:59:20 --> 00:59:24: more ratio requirement under The Apprentice to journey workers on
00:59:24 --> 00:59:25: a daily basis.
00:59:25 --> 00:59:30: And lastly registered apprenticeship program that your your program a
00:59:30 --> 00:59:33: The Apprentice is on the program and the program is
00:59:33 --> 00:59:34: on the list.
00:59:34 --> 00:59:35: Those are the requirements.
00:59:36 --> 00:59:39: There are ways to have a good faith effort exception.
00:59:40 --> 00:59:43: So the three ways to have the exception is make
00:59:43 --> 00:59:45: a valid request and get rejected.
00:59:46 --> 00:59:48: The second way is make a valid request and get
00:59:48 --> 00:59:50: unanswered for five business days.
00:59:51 --> 00:59:54: And the last is there is no registered apprenticeship program
00:59:54 --> 00:59:56: in your geographic area for the labour class that you're
00:59:56 --> 00:59:57: looking for.
00:59:57 --> 01:00:00: So those are the three ways to meet the good
01:00:00 --> 01:00:01: faith effort.
01:00:01 --> 01:00:04: Let's look at the next slide, the last slide to
01:00:04 --> 01:00:06: determine what is a valid request.
01:00:07 --> 01:00:09: So your request has to be in writing.
01:00:10 --> 01:00:12: It has to be made to a qualified registered apprenticeship
01:00:12 --> 01:00:13: program.
01:00:13 --> 01:00:15: It has to be made for one that's in your
01:00:15 --> 01:00:19: geographic area, has to be in writing, electronically or registered
01:00:19 --> 01:00:19: mail.
01:00:20 --> 01:00:22: It must be made 45 days before you need The
01:00:22 --> 01:00:26: Apprentice, at least 45 days before you need The Apprentice,
01:00:26 --> 01:00:28: and the request has to be made to a registered
01:00:28 --> 01:00:32: apprenticeship program that has a usual and customary

business practice
01:00:32 --> 01:00:36: of entering into agreements with employers for the placement of
01:00:36 --> 01:00:37: apprentices.
01:00:37 --> 01:00:40: So there's a lot of registered apprenticeship programs that are
01:00:40 --> 01:00:41: embedded into a company.
01:00:41 --> 01:00:45: So let's let's say AL's Electric has a registered apprenticeship
01:00:45 --> 01:00:45: program.
01:00:46 --> 01:00:48: If you ask Al for an apprentice, Al will say
01:00:48 --> 01:00:51: we don't give out our apprentices.
01:00:51 --> 01:00:53: That would mean that you did not make a valid
01:00:54 --> 01:00:56: request the the a program that you asked for.
01:00:56 --> 01:01:00: Apprentices have to be in the business of giving apprentices
01:01:00 --> 01:01:00: out.
01:01:01 --> 01:01:04: AL's electric uses those apprentices himself.
01:01:04 --> 01:01:07: You could hire AL's electric and you'd meet the the
01:01:07 --> 01:01:08: the apprenticeship requirement.
01:01:09 --> 01:01:11: But you can't ask Al as part of the good
01:01:11 --> 01:01:12: faith effort exception.
01:01:13 --> 01:01:16: Your request has to have all these bullets from dates
01:01:16 --> 01:01:19: of employment, occupation, location and this statement for it to
01:01:19 --> 01:01:22: be a valid request, it has to have all those
01:01:22 --> 01:01:23: elements on it.
01:01:23 --> 01:01:26: And the reason you are refused that second to last
01:01:26 --> 01:01:29: bullet, the reason you refused cannot, because you refused to
01:01:29 --> 01:01:33: meet the requirements and standards of the registered apprenticeship program.
01:01:34 --> 01:01:36: So let's say you're a non union shop and you
01:01:36 --> 01:01:40: ask a union apprenticeship program and they say you need
01:01:40 --> 01:01:44: to comply with our collective bargaining agreement and you refuse
01:01:44 --> 01:01:44: that.
01:01:44 --> 01:01:46: Then your request is not a valid request.
01:01:46 --> 01:01:49: You have to meet all their requirements first before you
01:01:49 --> 01:01:51: make your request in order it for it to be
01:01:51 --> 01:01:52: a valid request.
01:01:52 --> 01:01:55: If all of that is true and you do qualify
01:01:55 --> 01:01:59: for a good faith effort exception, then you don't have
01:01:59 --> 01:02:03: to ask for another apprentice for 365 days every 365
01:02:03 --> 01:02:03: days.

01:02:03 --> 01:02:05: You'd have to ask again.
01:02:05 --> 01:02:08: But you have to follow all those rules to the
01:02:08 --> 01:02:11: letter in order to make a good valid request for
01:02:11 --> 01:02:12: an apprentice.
01:02:14 --> 01:02:16: I think that is all.
01:02:16 --> 01:02:21: Let's go one more slide than this one more.
01:02:22 --> 01:02:25: So if you didn't get a chance for the the
01:02:25 --> 01:02:28: QR code, don't hesitate to shoot the one on the
01:02:28 --> 01:02:28: right.
01:02:28 --> 01:02:31: The one on the right will send you the link
01:02:31 --> 01:02:33: to the one on the left and it will also
01:02:33 --> 01:02:35: send me send you a copy of my entire slide
01:02:35 --> 01:02:36: deck.
01:02:36 --> 01:02:40: This was a slightly abbreviated version of the slide deck,
01:02:40 --> 01:02:43: but don't hesitate to take a a screen a shot
01:02:43 --> 01:02:44: of that.
01:02:44 --> 01:02:46: It'll auto generate an e-mail.
01:02:46 --> 01:02:48: You hit send on the e-mail and then the whole
01:02:48 --> 01:02:50: slide deck will come to you with all the links
01:02:50 --> 01:02:52: that were in the presentation as well.
01:02:53 --> 01:02:56: And be glad to, I think we're moving it over
01:02:56 --> 01:02:59: to a fireside chat, although I didn't I didn't light
01:02:59 --> 01:03:00: a fire.
01:03:02 --> 01:03:05: You know we're moving toward electrification, so we'll need an
01:03:05 --> 01:03:07: all electric fireplace next time.
01:03:07 --> 01:03:09: We'll we'll really plan this out sustainably.
01:03:09 --> 01:03:13: Jacob we'll we'll sounds good.
01:03:13 --> 01:03:15: So folks, I, I do before we hop into our
01:03:15 --> 01:03:18: our moderated discussion, I want to give a big thank
01:03:18 --> 01:03:19: you to Ben and Jacob.
01:03:19 --> 01:03:22: Like what an overview like really giving us the lay
01:03:23 --> 01:03:25: of the land, diving into the details.
01:03:25 --> 01:03:27: I, I hope that was as useful for you all
01:03:27 --> 01:03:28: as it was for us.
01:03:29 --> 01:03:32: It romised the weeds and we delivered.
01:03:32 --> 01:03:35: I think also though, that probably means you have a
01:03:35 --> 01:03:36: lot of questions.
01:03:36 --> 01:03:39: O we can, we can takedown the slides.
01:03:39 --> 01:03:41: We'll, we'll pull them back up in the end in
01:03:41 --> 01:03:42: case you need our contact info.
01:03:43 --> 01:03:45: But for now, I think you can just look at

01:03:45 --> 01:03:48: our faces and, and start thinking over your questions.
01:03:49 --> 01:03:51: There is a, a, a Q&A box, I believe if
01:03:51 --> 01:03:55: you expand your zoom window where you can enter questions
01:03:55 --> 01:03:59: into the Q&A box and we can respond to those
01:03:59 --> 01:04:00: in real time.
01:04:01 --> 01:04:04: But in the meantime, there's always one question that that
01:04:05 --> 01:04:07: is that people have on their minds.
01:04:09 --> 01:04:11: And so that is the question that I'm going to
01:04:11 --> 01:04:11: ask 1st.
01:04:11 --> 01:04:16: And that is depending on how this November election goes,
01:04:16 --> 01:04:18: will this all get repealed?
01:04:20 --> 01:04:23: How long lasting is the Inflation Reduction Act now?
01:04:23 --> 01:04:24: I'll leave it to either of you to respond to
01:04:24 --> 01:04:25: that one you.
01:04:27 --> 01:04:28: Want me to jump in Jacob?
01:04:28 --> 01:04:30: Or you want.
01:04:30 --> 01:04:31: Then take away, then I'll go.
01:04:32 --> 01:04:34: I am going to, you know, opinions are just as
01:04:34 --> 01:04:35: good as they are.
01:04:37 --> 01:04:37: Yeah.
01:04:37 --> 01:04:40: So I, I mean, I think, you know, obviously there,
01:04:40 --> 01:04:43: there were attempts to repeal this in the House previously
01:04:44 --> 01:04:47: and, and there are certainly a lot of members who
01:04:47 --> 01:04:48: would want to repeal it.
01:04:48 --> 01:04:51: And, and former President Trump has said that he he
01:04:51 --> 01:04:52: wants to repeal it.
01:04:52 --> 01:04:55: I think it would be really, really difficult to repeal
01:04:56 --> 01:05:00: the, the Inflation Reduction Act, almost impossible to repeal the
01:05:00 --> 01:05:01: whole thing.
01:05:02 --> 01:05:05: And perhaps there are certain parts of it that, you
01:05:05 --> 01:05:08: know, for example, there's a $7500 tax credit for electric
01:05:08 --> 01:05:12: vehicle purchases, which a lot of members of Congress have
01:05:12 --> 01:05:13: really focused on.
01:05:13 --> 01:05:15: They don't that they don't like that.
01:05:15 --> 01:05:19: I think you could see perhaps folks going after specific
01:05:19 --> 01:05:20: incentives.
01:05:21 --> 01:05:24: But I, I first of all, it would require A,
01:05:24 --> 01:05:28: and you know, we're a non partisan organization, but this
01:05:28 --> 01:05:31: is just the facts that the people want to repeal
01:05:31 --> 01:05:34: it to Republicans and not all Republicans, mind you, but
01:05:34 --> 01:05:35: but many do.

01:05:35 --> 01:05:38: And it would require a clean sweep of control of
01:05:38 --> 01:05:41: the House and Senate with pretty decent margins, I would
01:05:41 --> 01:05:44: say, because there's at least a handful of Republicans on
01:05:45 --> 01:05:48: either in either chamber who wouldn't vote for it and
01:05:48 --> 01:05:50: then winning the White House, of course, as well.
01:05:50 --> 01:05:54: So it would politically, electorally, it would require a lot.
01:05:54 --> 01:05:56: And then and then, you know, take it first of
01:05:56 --> 01:05:59: all, a lot of the grant money's already gone out
01:05:59 --> 01:05:59: the door.
01:05:59 --> 01:06:02: So it'd be you couldn't, you really couldn't call that
01:06:02 --> 01:06:02: back.
01:06:02 --> 01:06:03: These tax incentives are in place.
01:06:03 --> 01:06:07: A lot of businesses have have, you know, I know
01:06:07 --> 01:06:11: that for example, there's a mobile home manufacturer that has
01:06:11 --> 01:06:15: basically started building all, all of their, their houses to
01:06:15 --> 01:06:19: you're energy ready to get that $5000 tax credit per
01:06:19 --> 01:06:19: unit.
01:06:19 --> 01:06:25: And, and they've completely redone their manufacturing process and are
01:06:25 --> 01:06:28: putting it in place and, and to, to pull the
01:06:28 --> 01:06:30: tax credit out.
01:06:30 --> 01:06:31: That's happening across all of these tax incentives.
01:06:31 --> 01:06:33: So I think it would be very, very, very difficult.
01:06:34 --> 01:06:39: And then one last thing is that.
01:06:45 --> 01:06:53: Recently, 8 Republican House members signed a letter.
01:06:53 --> 01:06:56: Do not repeat margin a much a a very large
01:06:56 --> 01:06:57: margin.
01:06:57 --> 01:06:58: That's highly unlikely.
01:07:08 --> 01:07:14: Marta response pixelating for you as well, Yes.
01:07:14 --> 01:07:17: Ben was Ben was cutting in and out for me
01:07:17 --> 01:07:18: on that one.
01:07:18 --> 01:07:19: Well, here's my two cents.
01:07:19 --> 01:07:22: And they they go along with Ben's.
01:07:23 --> 01:07:25: So one part is when you're out of power, it's
01:07:25 --> 01:07:28: really easy to rattle your sabers and say you're against
01:07:28 --> 01:07:29: something.
01:07:29 --> 01:07:32: But when you're in power, you have to look constituents
01:07:32 --> 01:07:34: in the eye and say, I'm taking away the incentive
01:07:34 --> 01:07:35: that you're taking advantage of.
01:07:36 --> 01:07:40: And what I'll tell you is that Georgia, New Mexico,
01:07:40 --> 01:07:45: Arizona and and Oklahoma all have billion dollar solar fabs

01:07:45 --> 01:07:48: being being built there.
01:07:48 --> 01:07:51: And those solar fabs are specifically being built because of
01:07:51 --> 01:07:52: this incentive.
01:07:52 --> 01:07:55: So on on the good side, I think it'll be
01:07:55 --> 01:07:58: very difficult to look your constituents in the eye and
01:07:58 --> 01:07:59: reverse this.
01:08:00 --> 01:08:02: On the negative side, I will tell you that there's
01:08:02 --> 01:08:05: something called the Tax Cut and JOBS Act.
01:08:05 --> 01:08:10: It's, it's, it's, it's expiring here in 2025.
01:08:10 --> 01:08:15: And 4.2 trillion dollars of incentives are expiring, is my
01:08:15 --> 01:08:19: understanding with that Tax Cut and JOBS Act, which means
01:08:19 --> 01:08:24: sometime in 25, no matter what party you're talking about,
01:08:24 --> 01:08:28: they're going to have to address a $4.2 trillion shortfall.
01:08:29 --> 01:08:32: And there's going to be a large tax bill to
01:08:32 --> 01:08:36: address that $4.2 trillion that is expiring.
01:08:36 --> 01:08:39: So that's on the the negative side because that means
01:08:39 --> 01:08:41: everything's going to be on the table.
01:08:42 --> 01:08:44: But on the positive side, it's very hard to take
01:08:44 --> 01:08:47: away an incentive that people are really benefiting from.
01:08:48 --> 01:08:50: So that that's my two cents.
01:08:50 --> 01:08:50: Go ahead, Ben.
01:08:51 --> 01:08:53: Well, we also see that as an opportunity, I would
01:08:53 --> 01:08:53: say.
01:08:54 --> 01:08:58: So for example, we have a proposal to to make
01:08:58 --> 01:09:03: energy efficiency, energy efficiency investments qualify for the ITC, that
01:09:03 --> 01:09:07: 30% tax credit that you were talking about 40-50.
01:09:08 --> 01:09:10: And and we see that process as a as a,
01:09:10 --> 01:09:12: as a, there's an area where we might be able
01:09:12 --> 01:09:13: to try to work on that.
01:09:14 --> 01:09:18: So yeah, I mean, I don't know how much I
01:09:18 --> 01:09:23: cut out, but hopefully it was it was covered.
01:09:25 --> 01:09:25: It was covered.
01:09:26 --> 01:09:26: We got there.
01:09:26 --> 01:09:30: I I think we're all quite confident that we are.
01:09:30 --> 01:09:32: We are in this for the long haul.
01:09:32 --> 01:09:33: OK, great.
01:09:33 --> 01:09:37: Now another question that that I have and I'm looking,
01:09:37 --> 01:09:40: there's no questions in the Q&A yet, folks on the
01:09:40 --> 01:09:43: line feel free to chime in is around the timing
01:09:44 --> 01:09:44: of payments.
01:09:44 --> 01:09:46: Now I know Jacob and men who both spoke to

01:09:46 --> 01:09:49: this a little bit about how often times the, the
01:09:49 --> 01:09:51: tax credit in particular you don't get until the project
01:09:51 --> 01:09:54: is complete or until like a later milestone.
01:09:55 --> 01:09:58: But how do folks cover that upfront incremental cost for
01:09:58 --> 01:10:02: whatever additional kind of decarb sustainability elements are in the
01:10:02 --> 01:10:02: project?
01:10:02 --> 01:10:04: Like is there gap funding?
01:10:04 --> 01:10:06: Are there other rebates?
01:10:06 --> 01:10:06: Are there grants?
01:10:06 --> 01:10:10: Like what are folks supposed to do while they're with
01:10:10 --> 01:10:12: that gap in the timing of payments?
01:10:15 --> 01:10:21: Yeah, anecdotally, we're seeing some banks come in maybe even
01:10:21 --> 01:10:24: green banks to gap finance.
01:10:24 --> 01:10:28: We're seeing that a little bit a trick like there
01:10:28 --> 01:10:31: is definitely an interest out there for that.
01:10:31 --> 01:10:35: The only other option out there is to, you know,
01:10:35 --> 01:10:39: self fund the the gap yourself find operating funds that
01:10:39 --> 01:10:43: you can fund that time period from start of construction
01:10:43 --> 01:10:45: to when you get this incentive.
01:10:46 --> 01:10:49: You know, we're hearing at least on the state and
01:10:49 --> 01:10:53: local government and not-for-profit side that IRS has committed to
01:10:53 --> 01:10:56: get you to check 45 days after you file.
01:10:56 --> 01:10:59: But the filing can happen well after the project was
01:10:59 --> 01:11:00: placed in service.
01:11:00 --> 01:11:02: So it it could be, you know, from start of
01:11:02 --> 01:11:06: construction, it could be 18 months, could be two years,
01:11:06 --> 01:11:09: could be three years, depending on how big a project
01:11:09 --> 01:11:12: it is before you'd get your check for, for, you
01:11:12 --> 01:11:14: know, section 48, for example.
01:11:14 --> 01:11:15: Yeah.
01:11:16 --> 01:11:17: I think it's the only thing I would say that
01:11:17 --> 01:11:19: is it, it, it, you know, it should be pretty
01:11:19 --> 01:11:20: bankable, right?
01:11:20 --> 01:11:22: I mean, if you're doing the project, you know you're
01:11:22 --> 01:11:25: going to qualify you, you've done all the things you
01:11:25 --> 01:11:27: have to do that Jacob went through say for the
01:11:27 --> 01:11:30: ITC and you're going to qualify, you know you're going
01:11:30 --> 01:11:31: to get that money.
01:11:31 --> 01:11:32: Treasury's not run away.
01:11:32 --> 01:11:34: So it should be very bankable and be a pretty,

01:11:34 --> 01:11:38: pretty secure and easy financing process and hopefully a low
01:11:38 --> 01:11:41: cost financing process through one of those green banks we
01:11:41 --> 01:11:42: talked about.
01:11:44 --> 01:11:44: Perfect.
01:11:45 --> 01:11:45: All right.
01:11:45 --> 01:11:48: I'm going to ask one more question around affordable housing
01:11:48 --> 01:11:50: and Lytec, and then we'll hop over to the Q&A.
01:11:52 --> 01:11:56: How, how does all of the Inflation Reduction Act federal
01:11:56 --> 01:11:58: funding work alongside Latex?
01:11:58 --> 01:11:59: Like do they go hand in hand?
01:11:59 --> 01:12:00: Do they clash?
01:12:00 --> 01:12:02: Just what's that relationship?
01:12:02 --> 01:12:03: How does it go?
01:12:03 --> 01:12:06: So the low income housing tax credit is a credit
01:12:06 --> 01:12:08: based off of the basis of the eligible cost for
01:12:08 --> 01:12:10: low income housing tax credits.
01:12:11 --> 01:12:14: The The good news is the, the Inflation Reduction Act
01:12:15 --> 01:12:16: does not affect the basis.
01:12:17 --> 01:12:19: So you just if you get a tax credit from
01:12:19 --> 01:12:21: the Inflation Reduction Act, it does not change the basis
01:12:22 --> 01:12:24: that's available for the low income housing tax credit.
01:12:24 --> 01:12:26: So send another way.
01:12:26 --> 01:12:29: It doesn't affect the the amount of low income housing
01:12:29 --> 01:12:30: tax credit that you receive.
01:12:31 --> 01:12:32: So that's very good.
01:12:33 --> 01:12:35: You know you can use both is basically the short
01:12:35 --> 01:12:36: answer.
01:12:37 --> 01:12:40: And, and that specifically includes the 45 L tax credit
01:12:40 --> 01:12:42: for new housing construction.
01:12:42 --> 01:12:46: So that one that's $2500 or $5000, they, it the,
01:12:46 --> 01:12:51: the statute specifically says, explicitly says this does not affect
01:12:51 --> 01:12:52: Lytec basis.
01:12:52 --> 01:12:55: So if you're building new housing and you're taking Lytec
01:12:55 --> 01:12:57: and you're taking 45 L, you're good.
01:12:59 --> 01:12:59: Awesome.
01:13:00 --> 01:13:00: OK.
01:13:01 --> 01:13:03: So hopping over to the Q and AI, think Jacob
01:13:03 --> 01:13:07: and Ben, you can both see that the first question
01:13:07 --> 01:13:10: is around specific terms to make sure that folks understand,
01:13:10 --> 01:13:11: right?

01:13:11 --> 01:13:13: When you say a project needs to be started by
01:13:13 --> 01:13:16: a certain date, how do you measure that start date?
01:13:17 --> 01:13:17: Yeah.
01:13:17 --> 01:13:20: So when I said start, I meant start of construction.
01:13:20 --> 01:13:21: That's the first part.
01:13:22 --> 01:13:24: And there's two methodologies to meet the start of construction.
01:13:24 --> 01:13:28: Requirement 1 is called the physical work test, the other
01:13:28 --> 01:13:30: is called the 5% safe harbor.
01:13:30 --> 01:13:34: So the physical work test is you literally have to
01:13:34 --> 01:13:38: be physically working and doing, you know, for example, ground
01:13:38 --> 01:13:42: source drilling Borefield is a great starting process to meet
01:13:42 --> 01:13:43: the physical work test.
01:13:44 --> 01:13:47: You know, solar you, you got to actually be, you
01:13:47 --> 01:13:50: know, putting solar panels or putting the racking system on
01:13:50 --> 01:13:53: the roof, you know, that meets the physical work test.
01:13:53 --> 01:13:57: The alternate is, is more complicated and that's called the
01:13:57 --> 01:13:58: 5% safe harbor.
01:13:59 --> 01:14:02: If you're a cash based accounting system, if you're in
01:14:02 --> 01:14:04: a cash based accounting system, it's really easy.
01:14:05 --> 01:14:07: You just have to expend at least 5% of the
01:14:07 --> 01:14:08: eligible project cost.
01:14:08 --> 01:14:11: I would tell you to spend 7% because often times
01:14:11 --> 01:14:13: a project goes over budget.
01:14:13 --> 01:14:16: We've had a situation in another incentive that was back
01:14:16 --> 01:14:20: in 2010 that they, the, our, our clients spent exactly
01:14:20 --> 01:14:22: 5% of the budget and then it went over budget
01:14:22 --> 01:14:25: and that five percent turned into 4.9% and they did
01:14:25 --> 01:14:27: not meet the safe harbor.
01:14:28 --> 01:14:30: So they, they failed to get the incentive.
01:14:30 --> 01:14:32: So I would highly recommend 7%.
01:14:32 --> 01:14:35: That's if you're cash based, because all you have to
01:14:35 --> 01:14:38: do in a cash based accounting is spend the money
01:14:38 --> 01:14:42: in a, in most entities though they're most entities are
01:14:42 --> 01:14:42: accrual based.
01:14:43 --> 01:14:46: And if you're accrual based, spending the money doesn't necessarily
01:14:46 --> 01:14:48: mean that you accrue the expense.
01:14:48 --> 01:14:52: You have to literally accrue 5% or 7% you know
01:14:52 --> 01:14:56: amount and so there and this is some place that
01:14:56 --> 01:15:00: we try not to consult on your own accounting department
01:15:00 --> 01:15:04: will know when you accrue an expense and so you

01:15:04 --> 01:15:08: have to accrue on a project 5 or or 7%
01:15:08 --> 01:15:12: in in my recommendation before you can meet that safe
01:15:12 --> 01:15:13: harbour.
01:15:13 --> 01:15:16: But you can always use the physical work test, but
01:15:16 --> 01:15:19: it alternate to that physical work test is the 5%
01:15:19 --> 01:15:20: safe harbour.
01:15:20 --> 01:15:23: But for accrual based accounting, you have to accrue that
01:15:23 --> 01:15:27: 5% and there's special rules that your accounting department would
01:15:27 --> 01:15:28: know all about.
01:15:33 --> 01:15:34: All right.
01:15:34 --> 01:15:38: Next question in the Q&A is around when to engage
01:15:38 --> 01:15:41: a tax consultants on all of this.
01:15:41 --> 01:15:44: So when and how should developers be engaging a tax
01:15:44 --> 01:15:47: consultant to evaluate what incentives are applicable?
01:15:48 --> 01:15:50: Is how early is too early?
01:15:50 --> 01:15:51: Is there a too soon?
01:15:53 --> 01:15:54: When's the right time?
01:15:55 --> 01:15:58: We love when people pay us early, you know, as
01:15:58 --> 01:15:59: early as possible.
01:16:01 --> 01:16:03: When do we typically get called in and when do
01:16:03 --> 01:16:05: our competitors typically get called in?
01:16:06 --> 01:16:08: We are consulting on the design.
01:16:09 --> 01:16:12: We consult on contracts, we consult on prevailing wage and
01:16:12 --> 01:16:13: apprenticeship.
01:16:13 --> 01:16:16: So pre project we do get involved and then obviously
01:16:16 --> 01:16:20: there's the filing portion which happens post project.
01:16:22 --> 01:16:24: I, I wouldn't get into the specifics of when, but
01:16:24 --> 01:16:26: I would say that I, I do think it is
01:16:26 --> 01:16:28: valuable to have a tax professional.
01:16:28 --> 01:16:30: As you can see from this conversation, there's a lot
01:16:30 --> 01:16:31: of complexity to this law.
01:16:31 --> 01:16:33: There's a lot of wrinkles and you don't want to
01:16:33 --> 01:16:36: get left holding the bag where you think you've done
01:16:36 --> 01:16:39: everything and then, you know, you, you forgot this one
01:16:39 --> 01:16:39: thing.
01:16:39 --> 01:16:41: So it I think it is wise to get tax
01:16:41 --> 01:16:44: professionals and, and you know, the good news there is,
01:16:44 --> 01:16:47: there's, there's Jacob who is, who is obviously excellent on
01:16:47 --> 01:16:48: all this stuff.
01:16:48 --> 01:16:50: And there's a lot of others that are, that are
01:16:50 --> 01:16:53: focused specifically on the IRA that, that are out there.

01:16:53 --> 01:16:55: You know they can provide good.
01:16:59 --> 01:16:59: Awesome.
01:17:00 --> 01:17:02: The one thing I'm I'm going to add a question
01:17:02 --> 01:17:02: on top of.
01:17:08 --> 01:17:11: What is the size of the project where it's where
01:17:11 --> 01:17:13: the juice is worth the squeeze to pay a tax
01:17:13 --> 01:17:14: consultant?
01:17:14 --> 01:17:16: A couple of folks have said, you know, we're looking
01:17:16 --> 01:17:18: at one building with a small project and it's the
01:17:18 --> 01:17:20: cost of the tax consultant outweighs the value of the
01:17:20 --> 01:17:21: incentive we're getting.
01:17:21 --> 01:17:23: So how, where, where would you say the project is
01:17:23 --> 01:17:25: big enough to justify a tax consultant being on board?
01:17:29 --> 01:17:33: I, I can tell you our fee structure, you know,
01:17:33 --> 01:17:37: our, our minimum fee is $8000 and so and that
01:17:37 --> 01:17:41: hits up at the $1.3 million eligible project.
01:17:42 --> 01:17:46: So you can have less than a $1.3 million project
01:17:46 --> 01:17:50: and $8000 might still be makes sense to you, but
01:17:50 --> 01:17:55: that anywhere from zero to 1.3 million of eligible project
01:17:55 --> 01:17:58: cost is an $8000 fee from us and then it
01:17:58 --> 01:18:00: goes up from there.
01:18:03 --> 01:18:05: All right, that's fair.
01:18:05 --> 01:18:08: I mean, you shouldn't necessarily have you have you tell
01:18:08 --> 01:18:10: our our listeners not to use you until a project
01:18:10 --> 01:18:11: is large enough.
01:18:15 --> 01:18:17: All right, we've got, we've got 9 more minutes in
01:18:18 --> 01:18:20: case folks still have questions, feel free to put them
01:18:20 --> 01:18:20: into the chat.
01:18:20 --> 01:18:22: I do want to remind everyone I know this was
01:18:22 --> 01:18:23: mentioned earlier.
01:18:24 --> 01:18:26: So all three webinars in this webinar series will be
01:18:26 --> 01:18:27: recorded.
01:18:27 --> 01:18:30: The slides will be shared as PDFs on Ulis Knowledgefinder
01:18:30 --> 01:18:32: website, knowledgefinder.uli.org.
01:18:32 --> 01:18:35: It's open to all member members and you'll be able
01:18:35 --> 01:18:38: to access this information at any time, future, future you
01:18:38 --> 01:18:39: as as Jacob said.
01:18:40 --> 01:18:42: So please feel free to to keep that in mind
01:18:42 --> 01:18:44: and also to take a moment, look online for ULI
01:18:45 --> 01:18:48: Northwest's following webinars in the series coming up later this
01:18:48 --> 01:18:48: month.

01:18:50 --> 01:18:53: One other thing that I'd love to ask about is
01:18:53 --> 01:18:56: around the public sector and the role of the public
01:18:56 --> 01:18:59: sector in helping the private sector figure all of this
01:18:59 --> 01:19:00: out.
01:19:00 --> 01:19:03: Now, I know some folks within the, the Urban sustainable
01:19:03 --> 01:19:07: urban Sustainability Directors network, for example, the sustainability leads for
01:19:07 --> 01:19:10: a number of different cities across the country have been
01:19:10 --> 01:19:12: trying to, to engage the private sector to get them
01:19:12 --> 01:19:14: to take advantage of federal funding.
01:19:15 --> 01:19:17: But if there are any folks from local governments on
01:19:18 --> 01:19:20: the webinar who would, who would like to chime in
01:19:20 --> 01:19:22: or share some resources in the Q&A, it would be
01:19:22 --> 01:19:24: terrific to to hear what you all are up to.
01:19:24 --> 01:19:27: Or Jacob and Ben, if you've, if you've seen some
01:19:27 --> 01:19:31: great examples of local governments not really supporting public sector
01:19:31 --> 01:19:34: engagement with IRA, it would be wonderful to hear.
01:19:40 --> 01:19:44: Well, I don't know that it's so much government, but
01:19:44 --> 01:19:49: there's a not-for-profit organization called Undaunted, K through 12, and
01:19:49 --> 01:19:51: they do a lot of research.
01:19:52 --> 01:19:55: They do a lot of resources, give a lot of
01:19:55 --> 01:19:59: resources to K through 12 public schools on the Inflation
01:19:59 --> 01:20:00: Reduction Act.
01:20:00 --> 01:20:04: And that that's undaunted K through K-12.
01:20:05 --> 01:20:09: And they are very connected with the White House, with
01:20:09 --> 01:20:10: Congress.
01:20:11 --> 01:20:14: And so sometimes they get information even before I hear
01:20:14 --> 01:20:14: about it.
01:20:15 --> 01:20:19: And you know, they've been a great resource to the
01:20:19 --> 01:20:21: K through 12 community.
01:20:30 --> 01:20:30: Yeah.
01:20:30 --> 01:20:33: And specific examples are harder to point to, but I
01:20:33 --> 01:20:36: do know, I mean, just anecdotally, I do think in
01:20:36 --> 01:20:39: those in that sort of institutional sector for sure, we
01:20:39 --> 01:20:43: are seeing school systems, universities, hospitals, those types of, of
01:20:43 --> 01:20:47: buildings, you know, if you're doing any kind of significant
01:20:47 --> 01:20:51: renovation on a building or considering adding clean energy to
01:20:51 --> 01:20:51: a building.
01:20:51 --> 01:20:54: And as you can tell, I mean, these, these incentives

01:20:54 --> 01:20:56: make it sort of a no brainer.
01:20:57 --> 01:21:00: And then, you know, so I, I think we are
01:21:00 --> 01:21:05: going, you know, the law was passed in mid 2022.
01:21:05 --> 01:21:08: It took a year to two years to get most
01:21:08 --> 01:21:09: of the guidance out.
01:21:10 --> 01:21:12: And so, you know, you think about how long the
01:21:12 --> 01:21:17: pipeline for construction takes and planning and executing these projects
01:21:17 --> 01:21:17: takes.
01:21:18 --> 01:21:20: I think we are going to start seeing, I mean,
01:21:20 --> 01:21:23: treasury has started putting out some data on some of
01:21:23 --> 01:21:24: the tax incentives.
01:21:24 --> 01:21:27: But really this year and next year and the next,
01:21:27 --> 01:21:30: you know, seven or eight years is when you're going
01:21:30 --> 01:21:33: to start seeing the sort of the the outcomes here
01:21:33 --> 01:21:37: and the real specific examples of projects that were planned
01:21:37 --> 01:21:38: after August of 2022.
01:21:38 --> 01:21:41: You know, they're going to start hitting the ground in
01:21:41 --> 01:21:42: what in a year or so.
01:21:42 --> 01:21:44: And, and, and they're going to be taking advantage of
01:21:44 --> 01:21:45: this stuff.
01:21:45 --> 01:21:47: And I, and I think also just as it, as
01:21:47 --> 01:21:50: the word of mouth spreads, I think more and more
01:21:50 --> 01:21:53: people owe, you know, Al got a, got a $30,000
01:21:54 --> 01:21:57: tax credit when he put the EV charging infrastructure into
01:21:57 --> 01:21:59: his in his parking lot.
01:21:59 --> 01:22:00: I'm going to do that.
01:22:00 --> 01:22:02: You know, so it, I think it is, I think
01:22:02 --> 01:22:06: anecdotally we are seeing, we're seeing and hearing a lot
01:22:07 --> 01:22:09: of interest in activity right now.
01:22:09 --> 01:22:12: It much more so than even 7-8 months ago.
01:22:13 --> 01:22:15: It is taking off in real time.
01:22:17 --> 01:22:17: Awesome.
01:22:17 --> 01:22:18: OK, we've got 5 minutes left.
01:22:18 --> 01:22:20: I think it's the perfect amount of time for parting
01:22:20 --> 01:22:21: remarks.
01:22:21 --> 01:22:24: So if Jane, you wouldn't mind putting contact information back
01:22:24 --> 01:22:27: up on the screen and then Jacob or Ben, you
01:22:27 --> 01:22:29: can take your pick with who would like to to
01:22:29 --> 01:22:31: share your parting thoughts.
01:22:31 --> 01:22:35: Either your your favorite bonus incentives or or stacking credit

01:22:35 --> 01:22:39: enthusiasm or really anything you want to share regarding the

01:22:39 --> 01:22:42: Inflation Reduction Act for parting thoughts.

01:22:44 --> 01:22:47: Yeah, I guess I I can go first for anybody

01:22:47 --> 01:22:51: relating to state and local governments and not for profits,

01:22:51 --> 01:22:55: the people taking the elective pay, I cannot iterate enough

01:22:55 --> 01:22:58: that starting a construction in 2026, you have to meet

01:22:58 --> 01:23:01: the domestic content requirement.

01:23:01 --> 01:23:04: Otherwise there, there is no tax incentive whatsoever.

01:23:04 --> 01:23:07: So if you if, if you have a choice, start

01:23:07 --> 01:23:10: your project before 2026, but if you're scheduled to start

01:23:10 --> 01:23:13: a project in 2026, that project has to find a

01:23:13 --> 01:23:16: way to meet the domestic content requirement.

01:23:16 --> 01:23:18: Otherwise there is no incentive at all.

01:23:19 --> 01:23:21: Not not just that there is not, not the higher

01:23:21 --> 01:23:22: five time bonus.

01:23:22 --> 01:23:25: There is no incentive at all for state and local

01:23:25 --> 01:23:28: governments and not for profits taking that elective pay for

01:23:28 --> 01:23:32: the for profit entities, that rule doesn't apply at all.

01:23:32 --> 01:23:35: But for not for profits and state and local governments,

01:23:35 --> 01:23:37: that rule kicks in for start up construction in 2026.

01:23:39 --> 01:23:42: And Ben, do you have any thoughts?

01:23:43 --> 01:23:43: Sure.

01:23:43 --> 01:23:46: I would just say, you know, obviously all of this

01:23:46 --> 01:23:47: is complicated.

01:23:48 --> 01:23:50: There's a lot, you know, it's one of the downsides

01:23:50 --> 01:23:52: of passing a massive law all at once of how

01:23:52 --> 01:23:55: Congress works these days where they can't pass like a

01:23:55 --> 01:23:57: steady cadence of bills that improve things.

01:23:57 --> 01:24:00: They they have one window of opportunity and they pass

01:24:00 --> 01:24:02: huge things that are complicated and big.

01:24:02 --> 01:24:06: And and so there is that.

01:24:06 --> 01:24:09: And I know that's a challenge, but I would say,

01:24:09 --> 01:24:11: you know, if you take the time, I think, to

01:24:11 --> 01:24:14: really dig in, you will find that this isn't, isn't

01:24:14 --> 01:24:15: that complicated.

01:24:15 --> 01:24:17: And once you do it once, it's going to be

01:24:17 --> 01:24:19: a lot easier to do that second time, that third

01:24:19 --> 01:24:20: time.

01:24:20 --> 01:24:23: And once you become familiar with these things and the

01:24:23 --> 01:24:25: value really is there.

01:24:25 --> 01:24:28: And, and again, the value is there with these incentives,

01:24:28 --> 01:24:30: but also with what you're going to what, what it's
01:24:30 --> 01:24:33: going to do for your building that's going to be
01:24:33 --> 01:24:36: there for another, you know, 20-30, forty 50 years is
01:24:36 --> 01:24:38: going to be in the ground and be in use.
01:24:38 --> 01:24:41: And so we just encourage everybody to take a hard
01:24:41 --> 01:24:43: look at it and and give it a shot.
01:24:44 --> 01:24:45: Love that.
01:24:45 --> 01:24:48: All right, For more information, you can go to uli.org/federal
01:24:48 --> 01:24:48: Funding.
01:24:49 --> 01:24:52: Jane put links to the next two webinars in the
01:24:52 --> 01:24:52: chat.
01:24:53 --> 01:24:55: And with that, thank you again Jacob and Ben, and
01:24:55 --> 01:24:57: we'll see you next time.
01:24:57 --> 01:24:58: Bye everyone.
01:24:58 --> 01:24:59: Thank you.
01:24:59 --> 01:25:00: Thank you.
