

**LOCALPROGRESS**  
**IMPACT LAB**



**CONGRESSIONAL  
PROGRESSIVE  
CAUCUS CENTER**

# CASH FOR COMMUNITIES

**LEVERAGING HISTORIC  
FEDERAL FUNDS FOR  
RACIAL, ECONOMIC,  
AND CLIMATE JUSTICE**

## Executive Summary

The Inflation Reduction Act's Direct Pay provisions mean nearly unlimited funding for clean energy generation projects for the communities who need them most. Direct Pay tax credits could **radically expand publicly-owned energy, support communities transitioning away from polluting energy sources, generate affordable or even free electricity, and create good jobs for local communities – but only if local leaders seize this opportunity.**

**This guide is designed to help city, county, and school officials and elected leaders seize this historic opportunity for their communities through:**

**Greening Our Cities, Counties and Schools:** Local champions can use the unprecedented funding possible through Direct Pay to build publicly-owned renewable energy, green our public buildings and infrastructure, and create family-sustaining local jobs.

**Community Education and Outreach:** Local leaders are trusted messengers who can spread the word to eligible entities in their communities like houses of worship, non-profit organizations, public hospitals, public universities, school districts, and more. Local leaders can also expand the potential of Direct Pay by pushing their state governments to provide up-front funding for these projects through state grant programs, no- and low-cost revolving loan funds or state green banks.

**Funding and Policy Making:** Cities and counties can use general funds, bonds and other resources to make sure Direct Pay reaches the communities who need it most through creating grant funds, revolving loan funds, technical assistance programs, adding additional protections for workers and historically marginalized communities, and more.

## Examples of How Direct Pay Can Transform Our Communities

- **A city electrifies its buses, garbage trucks, and other city vehicles and builds publicly-owned EV chargers for its vehicles and the public.** By building charging infrastructure, these clean vehicles reduce air pollution (especially for low-income communities of color who are at higher risk of asthma, due to a higher likelihood of exposure to poor air quality) and make EV vehicles more accessible to the public. The city can get up to \$40,000 for each commercial electric vehicle and \$7,000 for each fleet vehicle and recover up to 30% of the costs of installing the charging stations.
- **A school district installs solar panels on all school buildings and receives 30-70% of the cost of installing solar and the solar panels back.** It uses the windfall to fund other building upgrades and the hundreds of thousands of dollars in annual energy savings to raise teacher pay.
- **A county creates disaster resilience hubs in its fire stations and community centers.** Each fire station and community center is outfitted with solar panels, battery storage, EV chargers, disaster response supplies, and more. The batteries, solar panels, and EV

chargers are all eligible for funding back through Direct Pay. When a big winter storm hits, the distributed grid is more stable, reducing power outages. And when power goes out, every neighborhood has a safe place to shelter with power and heat.

- **A city builds [publicly-owned utility-scale renewable energy projects on city-owned land](#)**, including Brownfield land or [equity-focused community solar projects](#). It uses that clean energy to transition away from coal- and natural gas-fired power plants.

### **About the Authors**

The **Congressional Progressive Caucus Center** will be providing regular updates and further resources on Direct Pay. You can also request technical assistance on a Direct Pay project through the CPCC's website by filling out our technical assistance intake form.

The **Local Progress Impact Lab** brings together local leaders, partners, and experts to build the knowledge, skills, and leadership needed to advance racial and economic justice at the local level. Check out our Resource Library for messaging guides, policy briefs, toolkits, and more.

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## About Direct Pay

For the first time ever, thanks to the Inflation Reduction Act, tax-exempt entities will receive **tax-free, direct, cash funding** for clean energy generation projects via tax credits. Direct Pay (also called Elective Pay by the IRS) tax credits create an opportunity to **radically expand publicly-owned energy, support communities transitioning from polluting energy sources, generate affordable—and potentially free—electricity, and create good jobs for local communities.**

### Who is eligible?

Direct Pay tax credits are available to tax-exempt entities like cities, counties, public municipal utilities, schools, hospitals, public utilities, houses of worship, and nonprofit organizations. Because these entities are tax-exempt, Direct Pay tax credits function like a direct cash payment from the IRS after an eligible project is placed into service (in other words, once it is generating electricity or plugged in and working). **The tax credits are available now for projects built in 2023 and last until 2032.**

### What kind of projects are eligible?

Direct Pay tax credits are available for various energy projects and vehicles. These tax credits support renewable energy generation projects like solar, wind, and geothermal electricity production. They also support green infrastructure like EV charging stations, EV vehicles, geothermal heat pumps, and storage resources like batteries. Unfortunately, Direct Pay tax credits can also apply to some fuels and energy projects that are not truly clean and sustainable. That's why community voices must be included in project planning so we can resist false solutions and use this opportunity to invest in truly safe, clean, and sustainable options.

### How does Direct Pay fund projects?

The funding available through Direct Pay is virtually unlimited! Since eligible entities like city governments are tax-exempt, the tax credits are cash payments from the federal government. They are paid directly to the eligible entity once the project is completed. Once the IRS determines that the project qualifies, the eligible entity will receive **direct, tax-free cash funds to cover 30% to 70%<sup>1</sup> of the project costs in reimbursement, or a fixed amount for each kilowatt generated, or each vehicle purchased.** The credits last until 2032, and every project that completes a pre-filing process and meets the IRS's requirements will get Direct Pay funds. Projects that meet worker protection standards, buy American-made materials, and support communities with the greatest need will also qualify for more funding.

Cities, counties, school districts, state governments, non-profit organizations, and other eligible entities can access this funding simultaneously and do not need to compete with each other for this funding because it is not a grant but a tax credit.

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<sup>1</sup> The Low Income Communities Bonus, a bonus credit administered by the Department of Energy that provides a 10-20 percentage point increase to the ITC for qualified solar and wind energy facilities in low-income communities and on Indigenous lands. It is fully subscribed for 2023.

Projects funded by grants (whether a federal grant, state, or private philanthropic grant) are eligible for Direct Pay tax credits, as are projects funded through general funds, green banks, traditional loans, or bonds. *See the financing section for more information.*

## How many projects can I undertake?

It's unlimited! For example, city governments could put solar panels on every city-owned building, convert city transit to electric vehicles, invest in electric vehicle charging infrastructure for city fleets, and create a community solar program on city-owned brownfield land. Each of these projects would be eligible for Direct Pay funding once completed, and there is no limit to the number of eligible projects that a city, county, or school district can complete.

## Where should I start planning?

**First, gather your community.** We strongly recommend starting early with identifying possible partners and opponents to the project by inviting neighbors, community advocates, the relevant local [labor unions](#), regulators, your local sustainability officer if you have one, your Director of Finance, the local utility, entities who have completed similar projects, and community based organizations to the table. Community engagement can begin with outreach to see whether stakeholders are aware of the Inflation Reduction Act, Direct Pay, and all the other sustainable energy incentives in the law.

**Next, check for existing plans and goals.**

You should also check if your local or State government has a climate action plan or existing matching funding for sustainable energy. Coordination can help smooth the process to get plans approved and open up state and local funding opportunities for your plan.

**Then, figure out what is possible in your location with an energy audit.** An energy audit will tell you what energy technologies can work in your location and help you understand your potential costs and savings. Your organization may also want to hire [a contractor](#) to carry out an energy audit. Once you better understand what is technologically possible, you can all work together to maximize outcomes that benefit all parties as much as possible.

***For more information on how Direct Pay works and how to apply, please see the resources at the end of this guide.***



## Community Education & Outreach

**Many eligible entities are unaware of the Direct Pay provision in the IRA and its potential to create good, green, union jobs, lower energy costs, clean up our air and water, and more.**

Local elected officials are trusted messengers who can help spread the word about this opportunity to eligible entities among their constituencies, including school districts, public universities, non-profit hospitals, houses of worship, and non-profit community organizations.

**It is important that eligible entities who have already built a Direct Pay-eligible project in 2023 know about Direct Pay and apply for their tax credit before it is too late. We don't want to leave money on the table for our communities.**

### Local Implementation

School districts, city governments, county governments, publicly-owned municipal utilities and other local governments are eligible entities under Direct Pay. Direct Pay makes electrifying our communities and building clean, sustainable, publicly-owned energy infrastructure more affordable by covering a substantial portion of the cost as soon as the project is completed. Public entities can build more projects faster by defraying large portions of the cost of building energy projects. They can begin saving money on energy costs and enjoying cleaner air immediately.

### Direct Pay and Local Government

Direct Pay tax credits are available now for projects built in 2023 and the IRS has given public entities filing for the first time for their projects built in 2023 until Nov 15th to complete their pre-registration process and file for Direct Pay tax credits. Even though these tax credits are new, there are still inspiring examples of cities, counties, and school districts using them to save money, build sustainable public energy, and create good jobs. Below are just a few examples of projects that could qualify for Direct Pay tax incentives:



**In addition to directly implementing Direct Pay, local leaders have other important roles including:**

**INFORM YOUR COMMUNITY**

Spread the word about Direct Pay! Host events or meetings on Direct Pay opportunities in your community including with local philanthropy, local eligible entities, and community leaders about this opportunity.

**PUSH YOUR STATE**

Advocate that your state uses Direct Pay build green energy and push your state to provide support for local governments and other eligible entities with grant funding and assistance. If your state government is hostile, don't despair! Direct Pay credits go directly from IRS to the eligible entity so local governments and community institutions don't NEED state support.

**PUSH YOUR UTILITY**

Meet with the utilities serving your community to ensure that publicly-owned utilities are taking full advantage of Direct Pay and ensure that all utilities are working with eligible entities to connect their projects to the grid.

- **Municipal Solar in Texas:** In November 2023, the [City of San Antonio](#) approved a 13.1 MW municipal solar project that will install rooftop solar and solar canopies across 42 city facilities. The project will be the [largest municipal on-site solar program in Texas and second largest in the nation](#). In addition to using local tax dollars and applying for Direct Pay tax credits, the City will borrow \$2.5 million from [the Texas State Energy Conservation Office's LoanStar low-interest loan program](#) to help cover the up-front costs of the project and thus take advantage of government funding and financing opportunities at the local, state, and federal level. Once completed, the city will be eligible to apply for Direct Pay tax credits for the cost of purchasing and installing the solar panels and could receive up to 30-70% of project costs back. The installation is expected to offset [13%](#) of the city's electricity consumption from its buildings and ultimately save [\\$7-11 million](#) over 25 years. As one of the first local governments to take advantage of the Inflation Reduction Act to launch a project of this scale, San Antonio will reduce energy costs, create green jobs, and help the city meet its carbon neutrality goals.
- **Solar on Schools Raises Teacher Pay in Arkansas:** In 2021, [Batesville, Arkansas](#) installed solar panels and made its buildings more energy efficient, saving nearly \$300,000 per year. This project was completed before Direct Pay, and is therefore ineligible, but the [District still saved enough](#) just in energy savings to "increase teacher pay from a base of \$30,000 to \$40,000 in a matter of two years." Today, adding solar panels to school buildings or other state, city, or county owned buildings would qualify for a Direct Pay tax credit, dramatically reducing the cost of the initial investment and creating *even more* savings that can be applied to teacher pay or other critical community priorities.
- **EV Windfall in Seattle:** The City of Seattle purchased 43 electric vehicles in 2023 across its departments, programs, agencies and its municipal utility Seattle City Light. Seattle successfully pre-registered its EV purchases and expects to receive \$364,343 in Direct Pay tax credits for its EV purchases. In addition, the state of Washington and the Seattle City Light are working to ensure that eligible entities can get the assistance they need to seize this opportunity. Seattle City Light is educating the eligible entities it serves about Direct Pay and Washington State recently announced a [\\$5 million RFP](#) to support technical assistance for eligible entities in applying for federal grants and tax incentives.
- **Local Resolutions Clear the Way:** Cities like [Cambridge, MA](#) have passed resolutions declaring their intention to use Direct Pay to bring down energy costs, build public sustainable energy, and take action on the climate crisis. This kind of resolution helps demonstrate public support for city or school district staff taking a bold approach to the opportunity of Direct Pay tax credits.
- **The Low Income Solar Fund:** Harris County, Texas, home to Houston, was recently awarded almost a [quarter of a billion dollars](#) to work with a coalition of municipalities serving low-income communities. The program will "provide financial assistance and access to private capital to support . . . solar, battery storage, and energy efficiency deployments to improve community well-being and resilience to power system failures." The program aims to achieve intersecting social needs by supporting "workforce training to serve low-income and disadvantaged residents, support minority-and women-owned businesses, and collaborate with community-based organizations."



## Expanding Racial and Economic Justice Through Direct Pay

Direct Pay projects can expand racial and economic justice if they center community demands, target investments to the communities who have suffered from environmental racism and systemic disinvestment, and contain safeguards to ensure that the new jobs created are good union jobs that are available to local workers.

### Centering Community Voices

Community input is critical to ensure that projects [reflect the needs and demands](#) of the communities themselves. Local governments can formalize community and worker demands by using tools like [Community Benefits Agreements](#), which often include specific targets for local hiring, working conditions and community programming. These agreements bring [jobs to target communities and shrink](#) racial and gender pay disparities. Local governments can include community voices by:

- Conducting open, accessible, and meaningful public hearings and giving community leaders an enforceable role in public processes through strategies like [Participatory Budgeting](#) and [Community Advisory Boards](#).
- Engaging local community organizations and labor unions in the conception, implementation, and evaluation of these projects.
- Committing to [Free, Prior, and Informed Consent](#) when projects impact Indigenous communities in order to respect Tribal Sovereignty and the government to government relationship with Tribal governments.

### Addressing Environmental Racism

#### *Pollution Burden and Climate Risk*

Black, Indigenous, and other communities of color are [more likely](#) to live in communities with high pollution burdens, live near dirty power plants, and live in communities facing catastrophic harm in the climate crisis. For example, the American Lung Association found that people of color are [3.7 times](#) more likely than white people to live in a county with high levels of air pollution. People of color are also [disproportionately likely](#) to live in areas affected by heat or flooding and work in occupations where they are exposed to toxic conditions. A rapid and just green energy transition, especially one that prioritizes projects that serve the communities who need them most, is critical to achieving racial justice.

The unprecedented funding offered by Direct Pay has critical implications for communities to prioritize addressing environmental racism. For example:

- A city government might build publicly-owned resilient power in neighborhoods prone to blackouts and outages.
- A school district might transition from diesel-powered to electric-powered buses to reduce air pollution linked to childhood asthma, which is especially important in communities already dealing with higher levels of air pollution.

- A county government might choose to prioritize projects in communities harmed by pollution and extraction first or mandate that a significant percentage of projects be reserved for these communities.

### *Redlining and Bluelining*

Environmental racism subjects communities of color to higher rates of toxic exposure and climate risk. Decades of disinvestment and racist policies like [redlining](#) also mean that these same communities are more likely to need help securing the up-front funding to pay for green energy projects. The impact of disinvestment and redlining are magnified in many communities by [bluelining](#) and systematic financial discrimination against communities because of perceived environmental risk. This financial discrimination [could prevent communities of color and low-income communities from securing the financial resources](#) to start clean energy projects.

Local governments can play an important role in ensuring an equitable implementation of Direct Pay by:

- Creating grant programs or revolving funds that provide no-cost or low-cost funding for green energy projects; and
- Setting aside funding for projects serving communities of color and other environmental justice communities. Local governments could fund these programs through general funds, municipal bonds, or more traditional financing (see financing section for more information).

### **Creating Good Green Jobs**

Eligible entities can maximize economic justice for working people by going beyond the Inflation Reduction Act's labor protections, which require that projects over 1 megawatt in size pay prevailing wage and use registered apprentices. Local governments should prioritize worker justice policies, such as:

- **Passing local and targeted hiring policies:** [Local hire and targeted hiring policies](#) can ensure that jobs are accessible to local workers and that communities who've been historically excluded from good jobs like people of color, women, people with disabilities, and returning citizens can access these jobs. For example, the City of Seattle's Priority Hire program helped workers from marginalized communities earn an extra [\\$46.4 million in higher wages](#) between 2013 and 2022.
- **Ensuring that all local public projects are a gold standard:** Local governments can maximize economic and worker justice by hiring union labor for public projects and passing policies requiring all public projects to meet gold standards for worker protection, prevailing wages, local hiring, workforce development, and community input and engagement. Requiring Project Labor Agreements (PLAs) or [Community Benefits Agreements](#) (CBAs) on public projects can help. For example, both [Los Angeles and New York City](#) include project labor agreements in all large construction projects designed to ensure that workers of color have access to good jobs.

## Lowering Energy Burdens

In addition to creating good green jobs, local governments can use Direct Pay to increase economic and racial justice by lowering the burden of high energy costs on low-income households. [Twenty-five percent](#) of all U.S. households struggle with a high energy burden (i.e. spend more than six percent of their income on energy bills) and 67% of low income households face a high energy burden. Black households have a [43%](#) higher rate of energy burden compared to non-Hispanic white households. Native American households face a [45%](#) higher burden and Latino households face a [20%](#) higher burden than non-Hispanic white households. Renters and older people also face disproportionate burdens.

**By moving more of our energy economy out of for-profit investor owned utilities and into publicly-owned and community-controlled sustainable energy, we can lower costs.**

Publicly-owned energy can serve the public interest in keeping costs down rather than padding shareholder profits. Publicly-owned utilities [charge customers lower rates](#) and give [20% more back to their local communities](#). Public utilities are able to prioritize the public good, not shareholder profits.

## Financing Direct Pay Projects

Because Direct Pay operates as a refund, these projects must find up-front financing. Eligible entities will have to cover the cost of project construction before they receive their Direct Pay tax credit(s). Depending on the exact Direct Pay tax credit, [the payment](#) will either be disbursed as a one-time credit covering between 30% and 70% of total project costs when the project is completed, or as a payment based on electricity production over ten years.

To learn more about the structure of the specific tax credits, **see the CPCC's in-depth explanation of how the ITC, the PTC, and other bonus credits work [here](#)**. The Center for Public Enterprise has produced a financial model that makes it possible to [compare the ITC and the PTC](#) for a planned project.

Below are brief explanations of some of the major up-front funding sources that local governments can utilize to finance the full cost of their own projects or to finance projects created by other eligible entities. This is not a complete list, but provides an overview of some of the more common options.

## State and Local Funding Sources

City, town, and county governments can dramatically increase the reach of the Direct Pay tax credits by providing direct funding through grants and by helping eligible entities find safe, reliable, and low-cost financing options that do not undermine the public nature of the ownership of these new sustainable energy generation assets. Without robust state and local funding, communities will be vulnerable to predatory loan products or unfair power purchase or leasing contracts that siphon off these tax credits for profit.

## **Tax Exempt Municipal Bonds**

States, cities, and other government entities can authorize the use of [tax-exempt bonds](#) to cover the costs of Direct Pay eligible projects. Cities can use bonds to fund city-owned Direct Pay projects or authorize bonds to collectively fund smaller projects at the local level. More information on using bonds for renewable energy is available in the Department of Energy [bond resource guide for state and local officials](#).

**\*\*NOTE:** Keep in mind that for projects financed with tax-exempt bonds, the credit amount may be subject to a “haircut” penalty of no more than 15% for some types of projects which have “commenced construction” after August 16, 2022.

## **Direct Local Grant Funding**

Municipalities can appropriate funding for grants to its own divisions and agencies or other eligible entities like community benefits organizations to cover the upfront costs of projects, for example through direct appropriations from the general municipal budget.

Importantly, projects that receive local funds should maximize equity and justice by meeting higher labor and community benefit standards and prioritizing communities harmed by redlining and environmental racism.

### *Direct Ownership*

Local governments can pay for projects maintaining direct ownership of the renewable energy technology assets, which means you will get the Direct Pay credit and whatever future revenue comes from the project.

For example, the City of New York (NYC) has a [goal](#) of installing 500 megawatts of energy storage by 2050 and 1,000 megawatts of solar citywide by 2030, enough to power 250,000 homes. In an effort to make that investment more equitable, NYC plans to use “an innovative municipal finance structure . . . to leverage additional investment, target buildings with barriers to solar access, work with installers to expand capacity and incorporate high-road labor standards – and then finance, permit, install, own, and maintain thousands of small- and mid-sized rooftop arrays as part of [NYC]’s growing clean energy portfolio.” The NYC Comptroller’s office calls this “[Public Solar NYC](#),” and it claims [the plan](#) will “create up to 13,000 high-road green jobs, and generate cost savings for energy-burdened and environmental justice communities over the next eight years.”

### *Pension Fund Investment*

Does your municipality offer a [pension investment fund](#) for its employees? If so, the pension fund could potentially be a source of upfront investment for Direct Pay-eligible projects.

## **Revolving Grant and Loan Funds**

To maximize local funds, cities and counties could provide funding through a [no- or low-cost loan from a revolving fund](#). While there is no federal revolving fund for clean energy, local governments can establish their own [funds to finance clean energy projects](#). Direct Pay makes those revolving funds considerably less risky as eligible entities will have a head start on



repayment with their Direct Pay reimbursement funds. A [no- or low-cost revolving loan fund](#) could work as follows:

1. A city establishes a no- or low-cost revolving loan fund for local nonprofit entities. The city can add additional worker protections, community participation requirements, and require that projects serve the hardest hit communities to qualify for the loan fund.
2. Eligible entities apply to the city for a loan and use the loan funds to complete their project.
3. The eligible entity pre-files with the IRS once their project is near completion and then applies for Direct Pay tax credits once their project is completed.
4. The eligible entity receives their Direct Pay funds from the IRS and can apply that towards repaying their loan to the city.
5. The city reinvests in the next eligible project.

Through an initiative called [Net Zero Montpelier](#), the Capital of Vermont started a \$30,000 revolving loan fund in 2016 that tracks and uses savings and revenue from renewable energy projects to reinvest into new renewable energy and energy efficiency projects. Many states already have an [energy loan fund](#) that supports the generation of clean energy projects or energy retrofits within the state. These loan funds could be expanded or modified by a municipality to create more funding for Direct Pay-eligible projects and accelerate the clean energy economy.

## **State Green Banks, SEFIs, and CDFIs**

Some states have Green Banks, which are financial institutions designed to lower energy costs and encourage the construction of sustainable energy infrastructure by blending public and private capital and financing a broad range of sustainable energy projects. While “Green Bank” is often used as an umbrella term for many types of public-private partnerships that finance sustainable energy projects, [the IRA contains specific requirements for Green Banks](#) to be able to receive funding. Many states have already established some form of Green Bank, but some are still creating their own or working to meet the new Green Bank requirements in the IRA. Local governments could play an important role in helping local eligible entities access state green bank funding. A non-exhaustive list of State Energy Financing Institutions (SEFIs) and Community Development Financial Institutions (CDFIs) can be found [here](#).

## **Federal Funding Sources**

In most cases, eligible entities will be able to finance Direct Pay projects by matching grants or loans from other federal sources, including other parts of the Inflation Reduction Act. The IRS says in its [Direct Pay FAQ # 41](#) that grants and other tax-exempt funding sources might decrease the credit, but do not disqualify a project. Other federal programs to consider for funding include the Infrastructure Investment and Jobs Act (IIJA) or remaining American Rescue Plan (ARP) funding. Here is a general [Infrastructure Funding Tracker](#). Below are a few additional federal options:

## Climate Pollution Reduction Grants (CPRG)

The Climate Pollution Reduction Grants (CPRG) program provides \$5 billion in grants to states, local governments, tribes, and territories to develop and implement ambitious plans for reducing greenhouse gas emissions and other harmful air pollution. Use these [Step-by-Step Guides to Apply for EPA's Climate Pollution Reduction Competitive Implementation Grants](#) from the Environmental Protection Network (EPN). Many of the strategies that would qualify for CPRG grants would be eligible for Direct Pay tax credits.

## Greenhouse Gas Reduction Fund (GHRF)

The Greenhouse Gas Reduction Fund (GHGRF), a part of the Inflation Reduction Act, contains several programs that recently awarded [\\$27 billion in funding](#) for investments that reduce greenhouse gas emissions. That funding will then be made available for re-granting to smaller local projects very soon. These funds will provide up-front grants or loans for projects that may also qualify for Direct Pay tax credits once they are placed in service.

The EPA [says](#) that it anticipates GHGRF awards to “selected applicants will be finalized by July 2024 and that projects will be funded by the selected applicants and their partners shortly thereafter.” Once these bulk awards are distributed, the GHGRF funds should open up a multitude of local funding opportunities. The CPC Center and its partners, including Local Progress Impact Lab, will keep folks posted when there are updates. To sign up for our updates, [click here](#).

## Volkswagen Settlement Funding

Much of the initial funding made possible by the class action settlement reached with Volkswagen because of their emissions cheating scandal has been allocated, but many state and local agencies are continuing to post funding opportunities. You can find your local clean air agency and check for funding opportunities [here](#). Many of these funding opportunities are for the purchase of EV school buses and other large EV vehicles which would also qualify for a Direct Pay tax credit.

## Providing Technical Assistance and Coordination

Local governments like cities and counties can maximize the number of eligible entities accessing Direct Pay by coordinating technical assistance programs. Creating programs that qualify for the Direct Pay provisions often requires specialized planning, including conducting an energy audit, creating an interconnection agreement with a utility, and more. Many smaller non-profit organizations and communities that have been systematically excluded, like low-income communities and communities of color, will need help navigating these programs.

Cities and counties can reduce barriers by funding technical assistance that could include:

- Public information campaigns about the opportunity;
- Free energy audits;

- Hands-on support in planning projects;
- Support in creating interconnection agreements;
- Help to find reputable high-road, Union contractors and;
- Support in completing pre-filing paperwork and IRS documentation. By definition, eligible entities do not usually file complex taxes with the IRS and may need more information and experience in navigating the process.

**Technical Assistance in Washington:** For example, Washington State plans to offer [technical assistance for tax preparation and grant writing](#) to eligible local entities using Washington State’s Climate Commitment Act funds to support eligible entities, especially those serving historically excluded communities. This program is an example of how cities and states can work together to close the gap and ensure that Direct Pay tax credits can expand racial and economic justice and address electrification.

**Outreach and Assistance in Oregon:** Oregon also provided funding for [technical assistance](#) for under-resourced communities to process the influx of paperwork that comes along with federal funding. Staff from the Oregon Department of Energy “assist Tribes and environmental justice communities with the many applications and deadlines of IRA-associated programs. Additionally, a big component of the Department’s increased funding will be to increase outreach and awareness of tax credit opportunities.”

**Technical Assistance from the U.S. EPA:** The [Environmental Justice Thriving Communities Technical Assistance Centers \(EJ TCTACs\) Program](#). The EPA selected 16 EJ TCTACs (“*Tic Tacs*”) that will receive \$177 million to help underserved and overburdened communities across the country through “training and other assistance to build capacity for navigating federal grant application systems, developing strong grant proposals, and effectively managing grant funding.” These regional centers will also “provide guidance on community engagement, meeting facilitation, and translation and interpretation services for limited English-speaking participants, thus removing barriers and improving accessibility for communities with environmental justice concerns.”

## Sample Policy and Further Resources

### Sample Legislative Text and Policy Making Tools

- **General Support for Direct Pay:** [Sample Public Policy Resolution](#)
- A [Federal Implementation Memo](#), by Local Progress Impact Lab
- **Financing:**
  - [Sample Municipal Bond Text](#)
  - [Sample Grant and Revolving Loan Fund](#)
  - [Re-VOLV Solar](#) provides loans and leasing to non-profit organizations, like [nonprofit Charter Schools](#)
  - Financing and Funding Options are [here](#).

- **Community Solar:** [Sample Public Community Solar Agreement](#).

## Sample Communications Resources for Local Leaders

- **Sample Community Presentation:** The CPC Center's sample presentation on Direct Pay can be used without attribution or adapted for your purposes.
- **Partner Toolkit:** The CPC Center's toolkit for community advocates contains sample messaging, sample social media posts, shareable graphics and other tools for local advocates.

## Resources on Worker Protection

- **Sample Policy Resolution for Protecting Workers**, by the CPC Center and the Local Progress Impact Lab; and
- **A Step-By-Step Guide to Worker Protection Requirements**, CPC Center
  - There are Prevailing Wage and Apprenticeship (PWA) **requirements** for Direct Pay eligible projects larger than 1 Megawatt (MW) in size (think a football field of solar or wind-turbine for scale). Local leaders are best able to help tailor project proposals to meet the best cross-section of needs possible, especially for projects smaller than 1 MW in size.
- **The Role of Local Government in Protecting Workers' Rights**, Economic Policy Institute and Local Progress Impact Lab
- **The Clean Economy Revolution Will Be Unionized**, Center for American Progress
- **Community Benefits Agreements Toolkit**, PolicyLink
- **Local Hire Report**, Jobs to Move America, Economic Policy Institute, Faith in Action, EARN and Massachusetts Communities Action Network
- **Community Benefits Agreements (CBA) Toolkit** from PolicyLink.
- **The PRO Act**, **The 4 day workweek**, and **this article** are possible federal models for local leadership for workers, as well.

## Resource on Maximizing Racial and Economic Justice

- **Advancing Racial Justice Through Federal Funding**, Local Progress Impact Lab
- **Black Workers Bill of Rights**, Black Worker Policy Coalition
- **The Justice is in the Details: Maximizing Equity and Justice in Public Policy**, Progressive Caucus Action Fund
- **Defining Environmental Justice Communities in Policy**, Climate and Clean Energy Equity Fund
- **What to Consider When Developing Progressive Local Energy Policy**, Congressional Progressive Caucus Center
- **Greenlink Equity Map**, Includes neighborhood by neighborhood data on race, income, energy burden, pollution burden, climate risk and more.
- **Jemez Principles for Democratic Organizing**, Climate Justice Alliance
- **Black Women Best: The Framework We Need for an Equitable Economy**, Roosevelt Institute



## Resources for Schools

- [Sample School District Resolution to Support Direct Pay](#) from the CPC Center and the Local Progress Impact Lab
- Webinar: [Wisconsin Schools and the IRA](#), UndauntedK12
- [Schools and the Inflation Reduction Act](#), UndauntedK12
- [K12 Education and Climate Provisions in The Inflation Reduction Act](#), Aspen Institute K12 Climate Action
- [Clean Energy Help Desk for Schools](#), Generation180

## Resources for Houses of Worship

- [Federal Funding for Energy Work at Houses of Worship](#), Interfaith Power and Light
- [Clean Energy Hub For Congregations](#), Green the Church
- [Funding Sources for Houses of Worship Energy Efficiency/Renewable Energy](#), Faith in Place

## General Resources and How-To Guides

For more information on how to use Direct Pay in your community, we recommend the following resources:

- [Direct Pay Resources List](#), Congressional Progressive Caucus Center
- [L4GG Elective Pay & IRA Tax Incentives Resources Page](#), Lawyers for Good Government (L4GG)
- [Frequently Asked Questions Database](#), Lawyers for Good Government (L4GG)
- [Ask L4GG Experts a Legal Question about Direct Pay](#), Lawyers for Good Government (L4GG)
- April 18 Webinar “[Inflation Reduction Act Elective Pay: Learn How to Claim & Receive Payment](#),” Lawyers for Good Government (L4GG) and Urban Sustainability Directors Network (USDN)
- [Elective Pay Model](#), Center for Public Enterprise (CPE)
- [FAQs on Direct Pay: Building Jobs & Sustainable Public Energy in Local Communities](#), CPC Center
- [Inflation Reduction Act: Clean Energy Project Eligibility for Local Governments](#), National League of Cities (NLC)
- [How States and Cities Can Benefit From Climate Investments in the Inflation Reduction Act](#), Center for American Progress (CAP)