

NOT WHAT YOU'D EXPECT: TAX CREDITS FOR TAX-EXEMPT ENTITIES

By installing clean energy technologies and by purchasing clean vehicles, **your organization has likely earned a federal tax credit, even if it doesn't have a federal tax liability.**

This means these credits are yours for the taking through **Elective Pay**. The Michigan Infrastructure Office's Technical Assistance Center wants to make sure your organization has the knowledge, tools, and resources to be able to use this new tool to receive its reimbursement.

Eligible Entities



Local and Tribal governments



Agencies & instrumentalities of these governments (e.g., public school districts, transportation authorities, etc.)



Community colleges & public universities



Non-profit organizations



Rural electric cooperatives



Houses of worship

Using Elective Pay ultimately results in receiving a check from the Internal Revenue Service (IRS).

Get reimbursed for a sizable portion of your project costs (30%-70%) with this new tool.

Elective Pay requires tax-exempt entities to file a federal tax return with the IRS, often for the first time. Our Elective Pay [website](#) is a great place to start.



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ELECTIVE PAY: MAKING CLEAN ENERGY PROJECTS MORE ACCESSIBLE THAN EVER

Elective Pay, often referred to as "direct pay," allows tax-exempt entities to take advantage of federal clean energy tax credits for the first time. This means eligible entities such as local and Tribal governments, non-profits, rural electric co-ops, houses of worship, public school districts, and others can now receive payment for a portion of their clean energy projects.

Key Features

Elective Pay is stackable. Elective pay-eligible tax credits can be paired with unrestricted grants and other federal incentives (but together cannot constitute more than 100% of project costs).

Elective Pay is not a competitive process. In most cases, eligible entities are not competing for funds, as the vast majority of these tax credits are not capped.

Examples of Eligible Projects



Powering public schools, municipal buildings, churches, food banks, and others with solar



Transitioning municipal fleets from gas to electric vehicles



Installing vehicle charging infrastructure at community colleges, public parks, and more

Process for Receiving Your Elective Payment



Step 1
Place the project in service.



Step 2
Match the project with the relevant tax credit and bonus credits.



Step 3
Gather project data & Employer Identification Number and determine tax year. Ensure compliance with all relevant requirements.



Step 4
Pre-register the project(s) with the IRS through its online portal 120 days before filing your return.



Step 5
Within 60-120 days, receive project ID number(s).



Step 6
File tax return & make the Elective Pay selection.



Step 7
Receive a check from the IRS (between 45 days and 6 months after filing).



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