A Framework for Providing Technical Assistance and Capacity Building to State and Local Governments for the Use of Elective Pay

U.S. Department of the Treasury

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INTRODUCTION

For many state and local governments – especially smaller or low-capacity local governments – there is a need for capacity building and technical assistance to maximize the use of elective pay in developing clean energy projects.

Some federal agencies, state governments and philanthropically funded organizations provide technical assistance that has been or could be used to support the uptake of elective pay by state and local governments at no or low cost. In addition, state and local governments may also retain their own consultants for a fee.

Technical assistance can be useful at different stages of a state or local clean energy project, including:

- Awareness and education, as state and local governments learn the potential benefits of clean energy projects and how elective pay can be used;
- Pre-development planning, as state and local governments work to identify opportunities for project investment;
- Financial planning, as state and local governments consider different ways to finance project investments and assess operating cost impacts;
- Project development, including:
    - Tax advice – as state and local governments assess various ways to make use of the different credits available to them under elective pay and
    - Support for compliance, as state and local government consider internal controls and other measures needed to ensure tax code compliance in general and compliance with specific requirements (e.g., bonus provisions) related to elective pay; and
- Support for pre-registration filing and tax return filing.

Some technical assistance may be specific to the type of local government (e.g., school districts, higher education, cities, counties) and type of elective pay projects (e.g., electric vehicle purchases, charging equipment, installation of renewable energy for buildings, community solar). In some cases, technical assistance is provided directly by an organization and in other cases it may be provided by a third party. Some technical assistance may be relatively light (e.g., educational material, website, webinars) and some can be intensive (e.g., on-the-ground support).

Capacity building efforts can also vary greatly. In some cases, capacity building can be achieved through intense technical training. In other cases, capacity building can take the form of embedding staff with state or local governments.

On October 11, 2024, the U.S. Department of the Treasury – as the principal agency responsible for implementation of the Inflation Reduction Act (IRA) tax credits – convened 57 representatives from technical assistance providers, leaders in capacity building efforts and

federal and state departments and agencies for a three-hour working session to develop a better understanding of the elective pay technical assistance landscape for state and local governments, identify where there are opportunities for coordination and collaboration and where there may be gaps in what is available.

This paper provides a framework for understanding the need for technical assistance and capacity building, a readout on what we have learned about programs and initiatives already in place and ideas and options for what should come next.

Through September 2024, we know that more than 500 state and local government agencies have gone through the pre-filing registration process for the use of elective pay on clean energy projects. In the coming years, that number will likely double, triple and grow exponentially so that elective pay – frequently described as novel – becomes the new normal for state and local governments looking to finance projects to transition to greater energy efficiency. This paper is a step in creating a pathway to that new normal.

THE NEED FOR TECHNICAL ASSISTANCE AND CAPACITY BUILDING

The IRA includes both grant funding and tax incentives to move individuals, the private sector, the non-profit sector and state and local government forward with a transition to a clean energy economy.

The bulk of the IRA's investment in clean energy – the largest ever – comes through the tax code. Tax incentives work by reducing tax liability. But in the case of the government and the non-profit sector, the IRA includes a novel approach to incentivizing action by making them eligible for the same financial assistance provided to the taxpaying private sector entities through tax credits.

For twelve different tax credits, the elective pay (also known as direct pay) provision of the IRA allows non-tax paying entities to file for tax credits and receive direct payments from the IRS in the same amount as what they would qualify for if they were tax paying organizations.

This provides a powerful financial tool to state and local governments to begin or accelerate their transition to clean energy.

The elective pay provision largely allows for uncapped, non-competitive funding that can be used to reduce net capital costs for investments in clean energy projects that will often yield recurring operating budget savings.

The guidance issued by Treasury and the IRS in support of elective pay also allows state and local governments to co-own the projects with other entities and generally allows for the tax credits to be braided and blended with federal and other grant funds. The tax credit provisions are generally in place for a ten-year period, allowing sufficient time for state and local governments to plan projects. Finally, state and local governments have every reason to work together with each other and with other applicable entities such as non-profit organizations because the credits are noncompetitive.

The concept of tax credits as a source of capital funding, however, is novel to state and local governments. The newness of the concept has meant that state and local governments have had to go through an educational process in the slightly over two years since the IRA's enactment –

first to become aware of the opportunity and then to begin to understand its applicability. This process is ongoing for many state governments and most local governments.

While there has been considerable focus on the need to understand elective pay, it is really a means and not an end in itself. The goal is not just elective pay uptake, but to enable additional investment in clean energy that helps lower operating expenses, creates jobs and reduces emissions.

To achieve the end and to utilize elective pay more effectively as a means of achieving it, many state and local governments need both technical assistance and additional capacity – with the needs greater for low-capacity governments and for governments serving economically challenged places.[1] Technical assistance and capacity building are required across an array of steps needed to take clean energy investment from concept to execution.

Filing for tax credits under elective pay is the very last step in a process that begins with developing a plan – or at least a list – of potential investments in clean energy. But many, if not most, state and local governments do not have a history of major investments in clean energy. Therefore, many state and local governments have not yet cultivated the knowledge and capacity to begin to plan, develop and finance qualifying projects.

While many states and some local governments may have existing climate action or sustainability plans, many states and most local governments do not. In these cases, elective pay risks becoming a financial hammer in search of a nail where one does not exist.

Even where they may have the technical knowledge, state and local governments could lack capacity – i.e., having the people and resources to do the work – to move projects forward.

To help state and local governments achieve their goals for elective pay projects, there needs to be a means of helping state and local governments close gaps from start to finish – from awareness to project planning to financing and implementation of clean energy projects.

TECHNICAL ASSISTANCE FOR THE STEPS TO CLEAN ENERGY PROJECT IMPLEMENTATION

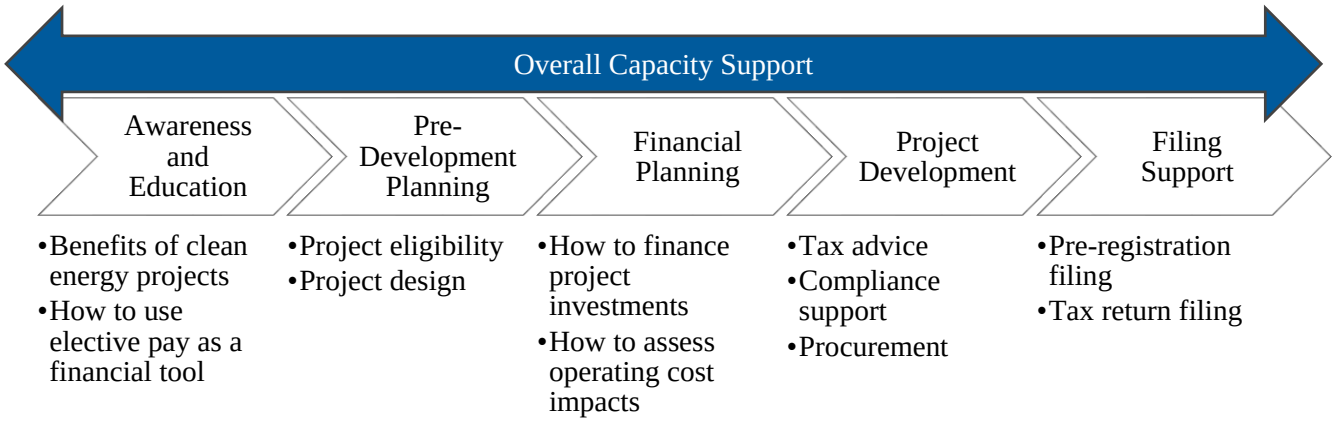
There are essentially five steps in the process of developing a clean energy project:

- Awareness and education, as state and local governments learn the potential benefits of clean energy projects and how elective pay can be used;

- Pre-development planning, as state and local governments work to identify opportunities for project investment, including project eligibility and design;

[1] Technical assistance can mean different things to different people. For the purposes of this document, we are defining technical assistance as programs, processes, and resources that provide targeted support to a community, region, organization, or other beneficiary to help them access and deploy federal funding to deliver results. In this case, we are looking specifically at technical assistance that can be or is being used to support state and local governments in accessing and deploying tax credits under elective pay. Capacity, on the other hand, refers to the actual financial and human resources needed for execution.

- Financial planning, as state and local governments consider different ways to finance project investments and assess operating cost impacts;
- Project development, including:
    - Tax advice to assess various ways to make use of the different credits available to them as a result of elective pay and
    - Support for compliance to consider internal controls and other measures needed to ensure eligibility for the tax credit and compliance with specific requirements to qualify for bonus provisions, if applicable; and
- Filing support for pre-registration filing and tax return filing.



Existing technical assistance programs can address one or more of these steps. For instance, some technical assistance may be light touch and focus on awareness and general education, while others focus primarily on the tax filing process.

For many state and local governments there is no clear path to receiving the types of technical assistance that they need when they need it. Therein lies the challenge. In other words, there is no regularly updated map of where to receive assistance at each step. As a result, many state and local governments cobble together an approach – or they don't move forward at all.

Even when state and local governments get the know-how and assistance that they need, they may lack the resources – i.e., staff or funding – to invest in the work.

THE CURRENT LANDSCAPE

Technical assistance and capacity support for clean energy project implementation by state and local governments – including the use of elective pay – is currently provided by the following types of organizations:

- Non-profit providers that are usually funded by philanthropy, but that also may receive funding from federal, state or local agencies

- Federal providers, where technical assistance may be directly provided by federal agency staff or through contracted non-profit or for-profit providers

- State providers, where technical assistance may be directly provided by state agency staff or through contracted non-profit or for-profit providers

Non-Profit Technical Assistance Providers

A large and diverse group of technical assistance providers has developed to support the deployment of clean energy projects and investments. In the last two years, since the enactment of the IRA, some of these providers have taken on efforts specifically focused on aiding state and local governments with the utilization of elective pay to fund those investments.

These providers are funded primarily through philanthropy and government, and their ability to support local governments is somewhat resource constrained. For new providers focused primarily on elective pay, most of the non-profit engagement has been focused on the earliest steps in the process – such as awareness and education – as well as later steps in the process – such as tax preparation and filing assistance.

The Treasury Department work session included representatives from the following organizations, many of which provide multiple types of the technical assistance described above:

CHART 1: PROVIDERS AND TYPES OF TECHNICAL ASSISTANCE

	Types of Technical Assistance				
Organization Name	**Education and Awareness**	**Pre-Development Planning**	**Financial Planning**	**Project Development**	**Filing Support**
Accelerator for America (AFA)	✓				
C40 Cities	✓				
Center for Public Enterprise	✓	✓	✓		
Climate Mayors	✓	✓	✓		
Congressional Progressive Caucus Center (CPCC)	✓				
Delivery Associates	✓				
Elevate	✓	✓	✓	✓	

	Types of Technical Assistance				
Organization Name	**Education and Awareness**	**Pre-Development Planning**	**Financial Planning**	**Project Development**	**Filing Support**
Enterprise Community Partners	✓		✓		
Government Finance Officers Association (GFOA)	✓		✓		
Great Plains Institute	✓	✓	✓	✓	
ICMA	✓	✓			
Just Transition Fund	✓		✓		
Lawyers for Good Government (L4GG)	✓	✓			✓
Milken Institute	✓	✓	✓		
National League of Cities (NLC)	✓				
NRDC	✓				
PolicyLink	✓				
Results for America	✓				
S2 Strategies		✓	✓		
Sabin Center			✓	✓	
Southern Economic Advancement Project (SEAP)	✓	✓			

	Types of Technical Assistance				
Organization Name	**Education and Awareness**	**Pre-Development Planning**	**Financial Planning**	**Project Development**	**Filing Support**
U.S. Conference of Mayors	✓				
UndauntedK12	✓				
University of Maryland Environmental Finance Center	✓		✓		
Urban Sustainability Directors Network (USDN)	✓				
World Resources Institute (WRI)	✓				

Education and Awareness

Many non-profit providers are engaging in outreach efforts to increase awareness around elective pay. Some providers specialize in specific audiences in their education and awareness efforts (e.g., K-12 school districts, government finance officers, sustainability directors), while others specialize in specific technologies. Education can be relatively light touch (e.g., webinars and online tools or guides) or more intensive (e.g., training and information bootcamps with repeat stakeholders).

These efforts are critical to transform elective pay from a novel mechanism to a normal tool in a local government's toolbox. Elective pay education and awareness efforts must bring awareness not only to the benefits of elective pay as a financial tool, but also to the benefits of clean energy projects. How elective pay works as a financial tool is compelling only if an eligible entity also understands and sees value in the applicability of elective pay projects in their community.

As a result of efforts by many non-profit technical assistance providers – in concert with Treasury and major state and local government associations – awareness of the opportunities under elective pay has grown over the last two years.

But most local governments are still unaware of the opportunity. And even for those that have been touched by awareness and education efforts, experience suggests that it takes a minimum of three discussion with local governments before they are able to fully grasp the opportunity and begin acting on it.

The following are examples of non-profit organizations that provide awareness and education technical assistance:

- UndauntedK12 supports K-12 public schools in maximizing the benefits of elective pay. They partner with grassroots advocates, local leaders and state leaders to facilitate awareness-building sessions. They also engage in storytelling and the development of resources and tools to increase elective pay uptake. UndauntedK12 maintains a database of school projects across the country that meet elective pay eligibility criteria, and they coordinate a national network of organizations to facilitate knowledge-sharing around elective pay for schools.

- National League of Cities (NLC) offers online courses for its members, which are comprised of city, town and village leaders from over 2,700 places across the country. NLC utilizes a pedagogical approach to its coursework, writing curriculum – for example – based on specific grant application sections. NLC's training provides modules that build skills to deliver specific ends, such as walking a city through the steps to implement a clean vehicles project.

- Climate Mayors, C40 Cities and the Urban Sustainability Directors Network (USDN) lead the Catalyzing Local Climate Action Workshop series, which provides technical assistance support to cities navigating federal climate funding opportunities from programs like the IRA and Bipartisan Infrastructure Law (BIL). The workshops provide technical assistance ranging from project eligibility, project design and financial planning. Climate Mayors also provides educational resources, including webinars and peer networking on capital investment planning and project development.

- Lawyers for Good Government (L4GG) launched their Clean Energy Tax Navigator, a one-stop-shop, interactive form that walks users through the process of determining eligibility for elective pay tax credits. The Navigator was created to simplify the tax credits and strengthen users' understanding of the credits' project use cases. The Navigator provides guidance to users based on their existing knowledge about the IRA and includes some of the most common clean energy projects (as determined by L4GG), such as electric vehicles, electric vehicle charging infrastructure, and clean energy generation technologies under the investment and production tax credits.

- The Southern Economic Advancement Project (SEAP) works to reach under-resourced small, rural local governments across the Southeast. By partnering with professional and municipal associations, they host both in-person and online education and awareness events about the benefits of elective pay. SEAP also works to engage the non-profit and faith sectors on elective pay to encourage collaboration with local governments on qualified projects.

Pre-Development Planning

Before construction can begin, governments engage in pre-development planning for clean energy projects. This can involve establishing the project's vision and objectives, such as identifying carbon reduction targets or intended community benefits. During this stage, project eligibility for elective pay should also be considered to ensure a completed project will meet the tax credits' underlying requirements. This phase can also include site identification and

feasibility, which involves selecting and assessing potential sites based on factors like land availability and zoning.

Preparedness to undertake pre-development planning process varies. Some technical assistance providers are supporting state and local governments in this pre-development phase to ensure new elective pay projects are feasible, eligible and will deliver the intended cost-saving and/or community impacts.

The following are examples of organizations that provide technical assistance for pre-development planning:

- The Milken Institute's 10,000 Communities Initiative and Community Infrastructure Center (CIC) provide technical assistance to underserved communities, equipping them with resources to develop sustainable infrastructure projects. The CIC is currently supporting approximately 1,200 organizations, 70% of which are project sponsors – including cities, counties, Tribal nations and non-profits. These project sponsors are advancing over 300 projects through the CIC.

  Through regional training events, the CIC fosters a peer network of community leaders, investors, government and technical assistant experts to deepen understanding of financing mechanisms and project development options. It also hosts monthly community of practice calls and weekly project and provider spotlights.

  The CIC offers 1,500 datasets, templates, case studies and tools to organizations. It also offers personalized "Project Readiness" Assessments, designed and run by HR&A, with project recommendations.

- S2 Strategies works with states to assess their eligibility for IRA incentives and craft clean energy projects that integrate federal programs. S2's State Support Center (SSC) is a hub for this activity, which assists states in accessing federal funding from the Infrastructure Investment and Jobs Act (IIJA) as well as the IRA. SSC works directly with states in developing state-owned clean energy projects by connecting them with a network of external technical assistance providers. In addition, S2 is exploring creative financing opportunities to enable local governments and non-profits within the state to take advantage of elective pay. They host roundtables and connect states with each other to share best practices among state governments, green banks and other stakeholders involved in IRA projects.

Financial Planning

Elective pay does not fund the full cost of clean energy projects. As a result, there needs to be financial planning to cover the capital cost. Since the elective pay provision provides for potential funding after a project is complete, state and local governments must also consider the need for bridge financing. Finally, a project's feasibility may depend on the analysis of potential return on investment, such as recurring savings in operating costs.

All of this work requires detailed financial planning.

For small to mid-sized local governments pursuing a clean energy project under elective pay, securing funding means having to piece together complex funding packages involving grants, loans and potentially philanthropic contributions – each with its own conditions and application

process. Facing constrained budgets, limited staffing and lack of technical expertise, many communities can face difficulties in navigating this intricate capital-stacking process. Without a steady flow of funding, even projects that could yield long-term benefits may remain stalled.

Financial planning technical assistance can include financial modeling, budget analysis, strategic support on capital stack creation, grant identification and grant writing assistance, and access to funding resources, such as low or no cost loans.

Examples of non-profits providing financial planning technical assistance include:

- The Just Transition Fund (JTF) provides two types of support tailored to different stages of project development. For entities still defining their economic development projects and not yet ready to apply for federal funding, JTF has established the Coal Communities Get Ready! Challenge. This initiative supports a cohort of organizations by awarding them $250,000 grants along with customized technical assistance aimed at building their capacity to apply for and manage federal funding. For organizations that already have an economic development project and are prepared to apply for federal funding, JTF offers grants up to $100,000. These grants can be used for various costs related to preparing federal funding applications and can serve as private matching funds. They will also review federal funding proposals.

  JTF has been working to integrate elective pay as a funding tool into their programming, in addition to the existing efforts around access to federal funding more generally.

- The Government Finance Officers Association (GFOA) is working to ensure their 26,000 members understand their role in utilizing elective pay and its applicability as a financial tool. GFOA provides financial and budgeting consultations to a limited set of local entities that are completing eligible projects in 2023 or 2024. They provide bridge financing models and grant writing support to address other parts of the capital stack required for clean energy projects.

- The Center for Public Enterprise (CPE) is a think tank that focuses on developing innovative social housing and clean energy financing solutions for state and local governments. They provide aid in clean energy finance, focusing on financial modeling, policy guidance and procurement standardization. CPE supports states in identifying eligible projects, optimizing financial structures, and leveraging federal programs like elective pay and the Greenhouse Gas Reduction Fund. As a light touch tool, it offers open-source financial models to customize funding approaches, facilitating capital stacking and secondary markets to attract investment. CPE also collaborates with state green banks to standardize contractor qualifications and procurement, helping governments reduce project risks and strengthen financing strategies.

Project Development

By meeting the criteria of cross-cutting bonus provisions and other underlying requirements, state and local governments can increase the amount of money they receive upon project completion. But these bonus provisions all need to be considered in the actual development of the details of a clean energy project. Smart project planning and execution is critical for

governments to not leave money on the table. Some considerations include siting, procurement and project workforce.

To address these considerations, some non-profits are providing project development assistance – including tax advice and compliance support – to help governments navigate both the underlying tax provisions for projects and the cross-cutting provisions that impact the direct payment during project development and construction.

For example, Elevate Energy works on climate initiatives with governments and public sector entities across the country as a non-profit consultancy to support energy planning and project implementation. Elevate serves a variety of roles for public clean energy projects, including that of project manager and facilitator. As a technical assistance provider, Elevate's services include comprehensive project implementation support – ranging from project design, to capitalization, procurement and construction – for electrification, energy and water efficiency, solar and storage projects. In addition, Elevate facilitates collaborative workshops, stakeholder engagement sessions and working groups, like the Chicago Building Decarbonization Policy Working Group.

Pre-Registration and Tax Form Filing Support

Once a project complete or a qualifying vehicle is acquired, state and local governments are ready to file for elective pay. Entities must secure a pre-filing registration number through the IRS's Energy Credits Online (ECO) portal and file a tax return via e-filing or paper filing options.

As many non-profit technical assistance providers have focused on getting "shovel-ready" projects over the finish line – i.e., early adopters that already had clean energy plans and projects in place – a significant share of technical assistance resources has been directed toward these later steps in the user journey.

Support at this phase is critical as filing a tax return is a brand-new experience for many, if not all, state and local governments. The learning curve can be steep and time intensive, and the administrative and learning costs could, on the surface, appear to outweigh the benefits for small or one-time projects. As the private tax preparation market in this space is still nascent, tax preparers and e-filing providers are not yet providing affordable e-filing solutions at scale.

To address these challenges, non-profit providers are delivering the following resources:

- L4GG has provided publicly available annotated tax forms to assist applicable entities with accurate tax form preparation. In addition, L4GG announced a partnership with Giraffe Financial to provide e-filing services at reduced rates specifically for eligible entities that applied for 2023 credits. L4GG also allows eligible entities to submit questions via an online portal directly to legal experts.

- The "Elective Pay Lighthouse Cohort," launched by L4GG, GFOA, Electrification Coalition, WRI, the Southeast Sustainability Directors Network and the Urban Sustainability Directors Network, directly supports 60 local governments in elective pay implementation through one-on-one technical assistance. One hundred thirty-five entities applied for the program. Cohort participants include early adopter cities, towns and counties ready to file for elective pay in 2024 or 2025, and they receive pro bono legal support and budgeting consultation. Learnings from this cohort will be used to develop resources and guidance that can be shared with a broader network of local governments across the country.

Federal Agencies as Technical Assistance Providers

Across the federal government, various agencies provide an array of technical programs. While there are no federal technical assistance programs linked explicitly to the uptake of elective pay, several are linked to clean energy. And some are not specific to clean energy but could be leveraged to support clean energy investment and the use of elective pay.

The non-profit providers are well connected to each other and to Treasury, but their connections to other federal agencies – especially those with technical assistance resources – is somewhat limited.

Federal technical assistance programs can be especially useful in the pre-development and financial planning phases of a clean energy project where fewer non-profits currently provide support. A summary of existing federal programs that can be leveraged to this end are below:

Internal Revenue Service (IRS)

In addition to published guidance and tax forms, the IRS has resources to help organizations better understand the relevant tax credits and process for using elective pay. Although the IRS does not provide advice for specific projects, organizations planning to use elective pay may find the following resources useful:

1. **Educational materials** on IRS.gov/ElectivePay, provide answers to frequently asked questions, fact sheets for different types of entities, a fact sheet describing applicable tax credits and user guides for IRS Energy Credits Online pre-filing registration and user permission management.
2. **IRS hosted pre-filing registration office hour sessions** assist organizations with the pre-filing process. IRS subject matter experts are available to answer questions. These sessions are periodically announced and posted on IRS.gov.
3. **IRS secure messaging support for pre-filing registration** is available in IRS Energy Credits Online. Upon logging into IRS Energy Credits Online, this feature enables organizations to safely message with the IRS about pre-filing registration questions or issues.
4. **A tax filing video tutorial walks** through a hypothetical example to show how a fictional local government entity could compute the tax credits they are eligible for and use elective pay. The presentation shows how this fictional entity would prepare the required tax forms, including Form 990-T, Form 3800 and the underlying source credit forms for the Investment Tax Credit, the Commercial Clean Vehicles Credit, and the Alternative Fuel Vehicle Refueling Property Credit.

IRS continues to expand on the resources available to taxpayers on IRS.gov about elective pay and the other clean energy tax credit provisions, and organizations should check IRS.gov for the latest information.

Department of Energy (DOE)

DOE's Clean Energy to Communities Program (C2C) provides tailored technical assistance support to local governments, electric utilities and community-based groups, leveraging DOE national lab expertise. This program helps accelerate the deployment of clean energy systems

that align with local and regional priorities throughout the multiple stages of energy transition – from foundational guidance and support through deployment.

C2C provides community-focused support, tailored to each community's unique needs in renewable energy, grid management, mobility and buildings. Since January 2023, C2C has assisted over 250 communities through three engagement levels:

1. **In-depth technical partnerships** support communities in turning clean energy goals into actionable plans by addressing critical energy challenges. These multiyear partnerships bring together local governments, community groups, utilities, and other key stakeholders to collaborate with national lab experts. Through advanced modeling, analysis, demonstration tools, and direct funding, communities can test tailored solutions within their specific contexts. This approach allows local decision-makers to explore and evaluate potential strategies for their energy transition, reducing the risks associated with full-scale technology deployment.
    - Communities selected for in-depth partnerships are provided:
        - A dedicated point of contact within the national laboratory system.
        - Direct subcontract funding to support staff or consultants.
        - Facilitation and community engagement support.
        - Extensive technical support from the DOE national laboratory complex.
2. **Peer-learning cohorts** are small groups of approximately 15 local governments, electric utilities, or community-based organizations that meet regularly for approximately 6 months to learn from each other and lab experts in a collaborative environment to develop program proposals, action plans, strategies and/or best practices on a pre-determined clean energy topic. Three new cohorts begin twice a year, in January and July.
3. **Expert Match program** allows communities to apply to access free, short-term technical assistance (40-60 hours) with one or more technical experts to help address near-team clean energy questions or challenges. Applications are reviewed on a rolling basis. Each community can receive Expert Match support on multiple topics, although total support is capped at 40-60 hours. Topics covered include clean power, mobility, buildings, grid, and other topics related to clean energy like resilience and environmental justice.

The Energy Efficiency and Conservation Block Grant Program (EECBG) provides formula and competitive grant funding to assist states, local governments and Tribes in implementing strategies to reduce energy use, reduce fossil fuel emissions and improve energy efficiency. Technical assistance is available for EECBG recipients which includes peer networks, cohort-based learning, expert problem-solving, and resources such as document templates, strategy support and grants maximization guidance. The program also offers specialized technical assistance for projects in energy efficiency, building codes, solar, electric vehicles, emissions reduction and workforce development, allowing communities to leverage DOE expertise to enhance project impact. Other assistance includes EECBG Program Blueprints, Community Energy Fellows and Clean Energy Coaches.

The State Energy Program provides annual funding and technical assistance to the 50 states, five territories and the District of Columbia to increase energy security, affordability, efficiency, resiliency and economic growth. The SEP program distributes formula grants, competitive grants

and technical assistance. Each state determines how it wishes to allocate funds across eligible programs to deliver resources, extend capacity and achieve unique and affordable clean energy goals.

The State and Local Solution Center is a hub that compiles technical assistance resources and initiatives, highlighting offerings from other DOE offices, where to apply for DOE funding and more. There are over 400 technical assistance tools and resources available, including a Public Sector Funding & Technical Assistance Navigator tool.

Energy Ready is a new integrated effort that supports local governments with free technical assistance; recognizes improvements in planning, zoning, and permitting; and offers expert guidance on solar, wind, electric vehicle and charging infrastructure. Energy Ready has introduced two new initiatives: Charging Smart, which aids in expanding electric vehicle infrastructure across diverse communities, and Distributed Wind Smart, which focuses on best practices for distributed wind deployment. Communities earn bronze, silver, gold or platinum designations based on their progress in adopting streamlined practices, helping reduce deployment barriers, cut costs and promote energy independence.

Department of Agriculture (USDA)

The Rural Partners Network (RPN) is a federal initiative led by USDA Rural Development and coordinated with 16 federal agencies to enhance economic opportunities and equity in rural communities. RPN aims to reshape how the federal government collaborates with rural areas by providing a dedicated support system to help these communities access federal resources, technical assistance and funding.

RPN’s assistance is unique in that it assigns federal staff known as "Community Liaisons" directly to economically distressed rural areas, where they work on the ground to support local leaders. These liaisons help communities navigate federal programs, identify funding sources and establish connections with government resources. They also report back to federal agencies about local needs and barriers, which influences policy changes to better serve rural populations.

RPN's technical assistance includes:

1. **Direct, hands-on support** for rural communities via Community Liaisons. Liaisons help with accessing resources and building local capacity.
2. **Interagency collaboration** to simplify access to programs across areas like energy, education, health and infrastructure, aligning federal resources with rural strategies.
3. **Policy and program adjustments** based on field insights, leading to systemic improvements in rural service delivery.

This partnership-driven approach addresses gaps left by traditional competitive grant models, offering a sustainable path for rural areas to achieve long-term economic resilience and prosperity.

The Rural Energy for America Program (REAP) offers financial support, including guaranteed loans and grants, to agricultural producers and rural small businesses. This support is specifically for developing renewable energy systems and implementing energy efficiency improvements that reduce operational costs and enhance energy sustainability.

REAP provides technical assistance through energy audits and assessments, required for energy efficiency projects, to help applicants determine the most effective improvements. These assessments help identify areas for upgrades like high-efficiency HVAC systems, insulation, lighting and new energy-efficient equipment for agriculture production and processing. Additionally, REAP offers guidance and resources through state Rural Development Energy Coordinators, who support applicants in understanding loan terms, matching funds and eligibility requirements to successfully navigate the application process.

Both RPN and REAP could be leveraged to support clean energy projects that could utilize elective pay as a source of funding.

Department of Transportation (DOT)

The Build America Bureau is a specialized entity within DOT focused on facilitating transportation infrastructure development across the U.S. It provides streamlined access to federal credit and grant programs, delivering technical assistance to project sponsors and promoting innovative practices in infrastructure planning, financing, delivery and oversight. By centralizing resources under one roof – including Transportation Infrastructure Finance and Innovation (TIFIA) loans, Railroad Rehabilitation & Improvement Financing (RRIF) loans, Private Activity Bonds (PABs) and project coordination – the Bureau aims to reduce barriers and expedite project progress.

The Bureau's technical assistance programs could be used to support state and local government transit agencies working to electrify bus fleets and utilize IRA tax credits to do so.

The Bureau's technical assistance efforts include a variety of support services to help states, municipalities and private project sponsors navigate complex federal requirements and optimize their project planning and financing.

Department of Housing and Urban Development (HUD)

The Distressed Cities and Persistent Poverty Technical Assistance (DCTA) program aims to strengthen local government capacity in economically distressed areas. DCTA provides technical assistance to help these entities build a foundation of fiscal health, effective financial management and sound financial practices.

DCTA's technical assistance covers a range of critical areas, including governance, leadership development, data analysis, community engagement and strategic planning. DCTA's technical assistance resources could be leveraged to support local government financial planning focused on clean energy projects, particularly as a means of ensuring long-term financial savings.

HUD also has a Community Compass initiative that funds technical assistance and capacity building activities for HUD grantees, public housing authorities and Tribes. Community Compass helps HUD's customers navigate complex housing and community development challenges by equipping them with the knowledge, skills, tools, capacity and systems to implement HUD programs and policies successfully. Community Compass technical assistance could be used, for example, to support housing authority implementation of clean energy projects.

Appalachian Regional Commission (ARC)

ARC provides both direct and indirect technical assistance focused on economic development in over 400 counties. ARC has technical assistance specifically designed to support deployment of clean energy projects.

In September 2024, the Beneficial Electrification League (BEL) was awarded a five-year $4.5 million funding grant from ARC under the Appalachian Regional Initiative for Stronger Economies (ARISE) Program. Through this grant, BEL will work with electric co-ops and municipalities to leverage federal electric sector infrastructure investments, ranging from state grants to elective pay tax credits. The work will extend across 279 counties in eight states.

BEL promotes beneficial electrification to save consumers money, reduce emissions, improve product quality, and foster a more robust and resilient grid. BEL provides high-level technical assistance on elective pay to community-owned utilities, including municipal electric and electric co-ops. Through state-level dialogues and initiatives, it engages in awareness and education efforts for stakeholders. BEL also hosts statewide leadership summits, creating a platform for state and local stakeholders to discuss new technologies, federal funding opportunities and program performance.

Environmental Protection Agency (EPA)

In partnership with DOE, the EPA has selected 18 Environmental Justice Thriving Communities Technical Assistance Centers (TCTACs) that will receive $177 million to help underserved and overburdened communities across the country. These centers provide training and other assistance to build capacity for navigating federal grant application systems, developing strong grant proposals, and effectively managing grant funding. They also provide guidance on community engagement, meeting facilitation and translation and interpretation services for limited English-speaking participants. Finally, some TCTACs provide direct support for project development to assist communities in clean energy technologies.

The TCTACs serve as regional hubs and are connected or housed within community-based organizations and partners to deliver programs and services. TCTACs are now accepting technical assistance requests from communities within each of their regions.

Thriving Communities Network

There is no single inventory of federal technical assistance programs available to state and local governments. As best as we can tell, this is the first effort to begin to identify the range of technical assistance that could be used on clean energy projects, and it is not exhaustive. Too often, local governments believe that they need technical assistance to access technical assistance. Many federal programs are not well known to the non-profit technical assistance providers focused on elective pay and may also be unknown to staff across federal agencies or state governments.

The difficulty in identifying and accessing federal technical assistance programs is particularly challenging for economically challenged places. Federal technical programs are often not targeted to those cities most in need of resources.

To combat this, the Thriving Communities Network (TCN) was established in 2022 and has been making initial efforts to both better target technical assistance resources to communities that have experienced systemic disinvestment and to improve knowledge of them across federal agencies. For example, the TCTACs discussed above are part of TCN. But TCN is still at its early stages of development.

Emerging Role of States as Technical Assistance Providers

Many state governments are pursuing their own elective pay projects. But the state's role in the elective pay landscape is evolving beyond that of an elective pay project owner.

In some states, state governments are emerging as a source for comprehensive and coordinated technical assistance for local governments. States such as Massachusetts, Michigan, Minnesota, Pennsylvania, and Rhode Island are beginning to develop capacity to provide technical assistance – including services from outside consultants – to local governments:

Massachusetts

The Commonwealth of Massachusetts is providing technical assistance to local governments that touch on awareness, education and financial planning, as well as working to develop more comprehensive support.

Massachusetts launched an interagency working group to help coordinate and execute on a successful elective pay filing process for state projects. This is part of the Commonwealth's effort to provide comprehensive technical assistance to local governments, much as they have done in support of local government efforts to seek Bipartisan Infrastructure Law (BIL) and other federal funding.

The Federal Funds and Infrastructure Office hosts monthly Massachusetts Federal Funds Partnership meetings to deliver critical updates and offer a platform for addressing questions related to federal funding possibilities – including elective pay – at the disposal of cities, towns and Tribal organizations. These meetings are recorded, and slides are publicly accessible.

In September 2024, Massachusetts enacted legislation to create a new $750 million funding pool to help state and local governments seek and obtain federal funding. The legislation leverages interest from the state's stabilization fund and allocates up to $12 million for technical assistance for local governments and Tribes.

The Commonwealth is also developing "future planning tools" to assist cities in integrating elective pay into long-term capital improvement plans.

Michigan

The Michigan Infrastructure Office Technical Assistance Center (TAC) provides technical assistance, planning and matching grants to local governments and other entities to help draw federal infrastructure money to Michigan's communities. Through TAC, Michigan is providing financial planning, project implementation assistance, and support for pre-registration and tax filing.

TAC procured third-party accounting services and is working to make that relationship available to eligible entities in the state.[2] These services will provide tax advice at the project planning and implementation stages, and they will assist entities with tax filing.

[2] The selection criteria for entities to be able to access these services is yet to be determined at the time of this paper's publication.

TAC also provides grant identification and grant writing support to assist in project financing for eligible entities that apply for TAC's services. TAC helps to match entities that have identified projects with potential federal grants that would fit their needs. These services include workshops that support grant education, identification and prioritization. Once a potential grant has been identified, TAC provides grant writing support to eligible entities.

To strengthen education and awareness efforts, the state is working to build out a "train the trainer" model for local partners and non-profits embedded across the state's regions to increase uptake of elective pay and the deployment of clean energy projects.

Minnesota

Minnesota supports local governments in financial planning and providing legal advice for pre-development planning, project implementation and filing assistance.

Regarding the latter, Minnesota is finalizing a Statement of Work with a tax consultation vendor to make services available to cities and towns. That work will begin in early 2025.

The State also enacted legislation to create and fund the Minnesota Climate Innovation Finance Authority (MnCIFA), a publicly accountable green bank, which officially launched in late 2023. MnCIFA creates financial tools to accelerate and support the adoption of clean energy projects and fosters communication between potential investing entities and project owners. The state funding authority began with an initial $45 million seed appropriation and has already provided funding to multiple elective pay projects.

Pennsylvania

The Governor's Office in Pennsylvania has been at the forefront of shaping the Commonwealth's role as an accelerator of clean energy projects within government agencies and across the Commonwealth's subdivisions, instrumentalities and authorities by developing holistic technical assistance programs.

The Critical Investments team heading up this work sits within the Office of the Governor, which has enabled the team to work across agency silos to integrate elective pay into the Commonwealth's broader financial planning. They have also conducted awareness and education efforts across state agencies. The Commonwealth has created a community of practice within the state government to build capacity and accelerate more elective pay projects.

The Commonwealth is working to launch the Elective Pay Service Bureau in the Office of the Budget. The Bureau would provide tax accountancy services and other technical assistance to subdivisions, instrumentalities and authorities of the Commonwealth, extending an agreement to be finalized with a tax consultant.

In July 2024, Pennsylvania secured $25 million in the budget for the new Solar for Schools Grant Program, which is seated in the Pennsylvania Department of Community & Economic Development and the Commonwealth Financing Authority. Solar for Schools will reduce the cost of implementing solar energy projects for school systems by aiding in the purchase and installation of equipment, permit fees, energy storage and utility interconnection. Concurrently, in the Pennsylvania Energy Development Authority, the Commonwealth is working with DOE's Loan Program Office to secure a $100 million loan guarantee to provide zero-interest, complementary loans for Solar for Schools grant projects.

The Commonwealth is also thinking about how elective pay can be a tool to grow local capacity. Through the Commonwealth Workforce Transition Program (CWTP), Pennsylvania is reserving at least three percent of the funds it receives from the IIJA and IRA to fund apprenticeship and pre-apprenticeship programs. CWTP aims to invest in and create opportunities for skilled workers and accelerate future clean energy and infrastructure projects.

Rhode Island

Through the Rhode Island Infrastructure Bank (RIIB), the State provides nearly comprehensive technical assistance to local governments including pre-development planning, financial planning, project implementation and filing support.

RIIB is a centralized hub created to support and finance investments in the State's infrastructure, including municipalities, businesses and homeowners. RIIB provides interim funding to municipalities and quasi-public agencies during the project construction phase to get projects across the finish line, easing cash flow and reducing debt burdens. It also provides permanent funding sources for clean energy projects through highly subsidized borrowing rates and minimal transaction costs.

The State provides free energy audits for municipalities, utilities, schools and related public services, as well as free energy consulting services (available on a limited basis) to scope projects. RIIB also houses the Energy Asset Management Program (EAMP), which provides public entities with free consulting support to develop customized plans to manager their energy assets. EAMP seeks to help municipalities make progress towards energy efficiency and emission reduction goals by working collaboratively with the Rhode Island Office of Energy Resources and an energy consultant.

The State also provides free third-party support legal support to municipalities, including a tax attorney, to determine elective pay project eligibility and give advice for pre-registration and tax form filing. The State can also provide a Municipal Financial Advisor to help local governments structure financing options.

ADDRESSING CAPACITY NEEDS

Even with technical assistance, some government entities – especially low-capacity local governments – will have a hard time implementing clean energy projects. They need the resources to execute on the best strategies and plans that might come out of a technical assistance engagement.

There are fewer capacity support programs than technical assistance programs. They come in the form of light touch capacity – e.g., building up the skills of existing staff – and through embedding additional staff resources. Capacity support is particularly important for economically challenged places, some of which have been among the most heavily impacted by the transition away from fossil fuels and the harmful environmental, health and economic impacts of the climate crisis.

A summary of non-profit technical assistance programs focused on capacity building is below:

- Local Infrastructure Hub (LIH) hosts bootcamps to help local leaders access federal funding opportunities through the BIL and IRA. The free bootcamps are available for municipalities with less than 150,000 residents. Each bootcamp runs for an average of four months and

includes live learning sessions taught by subject matter experts, coaching sessions, office hours and peer learning networks. Participating cities dedicate several hours per month to the program. LIH has completed six bootcamp phases so far and is launching a new series in 2025.

The "Developing Clean Energy & Clean Transportation Projects" bootcamp teaches local leaders how to use elective pay as a tool to develop clean energy projects and includes information on grant applications and other finance solutions – including the Greenhouse Gas Reduction Fund. The program supports cities in planning their capital needs, particularly around cash flow management and financial structuring, to ensure that they can sustain projects. LIH also offers trainings on federal procurement standards to navigate complex compliance and reporting processes.

- Bloomberg American Sustainable Cities (BASC) is a three-year initiative to work with 25 U.S. cities to leverage historic levels of federal funding to proactively build low-carbon, resilient and economically thriving communities. The cities were selected through a competitive application process and represent over 10 million people. Many of the cities are historically disadvantaged places that have been overburdened by pollution.

  In partnership with PolicyLink and NRDC, BASC provides a Bloomberg Philanthropies-funded innovation team (i-team) to work in and with each of the participating cities. The i-teams are comprised of up to three dedicated staff members who bring expertise in data analysis, insight development, human-centered design, systems thinking and project management. Cities will also receive multi-year, in-depth policy and technical assistance in collaboration with community-based organizations and other local stakeholders.

- The Minnesota Community Energy Network, facilitated by GPI and Clean Energy Resource Teams (CERTs) at the University of Minnesota, is a peer-learning network of local government sustainability staff from across Minnesota focused on supporting action by sharing promising practices and opportunities and promoting collaboration. The Community Energy Network has focused on elective pay as a critical tool for clean energy deployment, and it provides direct technical assistance to 80 cities across Minnesota that have deployed a variety of clean energy projects – from fleet electrification to solar arrays and more. The Network takes a relational, cohort-based approach to its trainings as cities learn from each other's successes and challenges.

  Network participants can attend quarterly network meetings and may choose to participate in a work group. One of the two work groups in 2024 focused specifically on how communities can leverage elective pay opportunities.

In addition, there are federal programs designed to enhance local government capacity that can be leveraged to support clean energy projects utilizing elective pay:

- The Department of Energy's Clean Energy Fellows program supports Energy Efficiency and Conservation Block Grant (EECBG) recipients by matching recent graduates and mid-career clean energy professionals with EECBG projects. These placements are fully funded by DOE for 12 to 18 months. In the past, Fellows have worked on an array of projects, such as

promoting energy efficiency in municipal buildings and implementing climate justice action plans. Fellows are often also matched with expert community stakeholders to act as Clean Energy Coaches that serve as advisors and strengthen the Fellows' relationships on the ground.

- The Economic Development Administration's Economic Recovery Corps (ERC) creates a network to address communities' resource gaps between project planning and implementation for locally driven economic development projects. ERC places more than 65 trained Fellows in economic development organizations across the country for two-and-a-half year terms. Fellows enhance organizations' capacity by bringing a combination of strategic, operational and funding support. As ERC Fellows assist organizations in the implementation of regional economic development plans, they could be leveraged to support clean energy projects, among other initiatives. Partners of the ERC program include organizations working on elective pay technical assistance programs, such as ICMA and the National League of Cities Institute.

WHAT WE NEED TO DO NEXT

As evidenced above, there are technical assistance and capacity building resources already available to assist state and local governments in the implementation of clean energy projects and in uptake of elective pay as a means of financing those projects. The challenge at hand is to better coordinate awareness and access to those resources, focus on support for those local governments that need it the most and close the gaps that do exist.

In doing so, it is worth considering some general principles.

In a world of limited resources, unequal things should not be treated equally. Upon the IRA's enactment, some local governments were already engaged in developing clean energy projects. These cities became some of the earliest filers, ready to submit pre-filing registration forms and take advantage of tax filing support. Some local governments have become early adopters and have the capacity to make use of elective pay without any support from technical assistance programs.

But many do not. As elective pay continues to be available, the great majority of projects yet to be filed are in places where clean energy plans are yet to be developed. Unable to provide everything, everywhere, all at once, technical assistance providers and resources need to be focused where the need is the greatest.

National programs are hard to implement. To the extent that technical assistance programs can be pushed closer to a state or local level – or at least driven by state and local partnerships – they will likely have a greater chance of success and will be more effective at serving the needs of the community.

To move elective pay from being novel to normal, its use needs to be socialized with the full array of consultants that typically support state and local governments on capital investments in infrastructure. At a minimum, this includes architects, engineers, contractors, bond counsel and municipal advisors.

Finally, technical assistance and capacity building need clear goals and means of evaluating performance. As we look toward the next eight years that these credits are available, to maximize

elective pay's potential impact, there must be a bar against which to measure programs and pedagogies that are available.

1. Improve Coordination and Collaboration Across Technical Assistance Programs

As demonstrated in this paper, technical assistance is available to local governments at every stage of development of clean energy projects – with some steps in the development of a clean energy project having more robust programs than others. Technical assistance frequently comes at low or no cost and with few barriers to access, sometimes provided by federal agencies, sometimes by non-profit and philanthropically funded providers and sometimes by states.

But – other than this paper – there has been no effort to fully map out available resources, and there is no easy point of access for local governments to tap into these resources.

That needs to change.

At a minimum, regularly updating the mapping exercise contained in this paper and making it available to local governments would be valuable. But what is really needed is a mechanism or mechanisms for local governments to access the information and resources.

Many of the existing technical assistance resources are provided by the federal government, and the underlying goals of the IRA and investment in clean energy are clearly national priorities. As a result, this mechanism for coordinated technical assistance resources should seemingly exist within the federal government.

The problem is that there is no clear, single place for it within today's federal bureaucracy. Current efforts at better coordination across the federal family could solve this problem. As discussed, the Thriving Communities Network (TCN) is a vital effort to bring together federal agencies and technical assistance programs with a goal of better leveraging these resources, especially for underserved communities. But TCN is in its earliest stages and has limited staffing and resources.

Regional offices of 21 federal departments and agencies have come together in an innovative effort in the Midwest, FedREACH, with a goal of creating a "no wrong door" approach for local governments and other entities looking for federal support. FedREACH is designed to address capacity constraints at the state and local levels and bridge siloes between federal agency program delivery models. Again, FedREACH is in its earliest stages and has only taken hold in one part of the country.

Where federal regional organizations are already in place – such as the Appalachian Regional Commission, the Delta Regional Authority and the new Great Lakes Authority – they could potentially play this intermediary role.

Another possibility would be to fully integrate elective pay-related technical assistance into the joint EPA and DOE Thriving Communities Technical Assistance Centers (TCTACs) model. Some TCTACs are already working to increase knowledge of elective pay opportunities – both for local governments and for other applicable entities, such as non-profit organizations.

The Great Lakes TCTAC's partnership with the Great Plains Institute is one example of this model. GPI's work with CERTs on the Minnesota Community Energy Network, as well as its many other technical assistance programs and initiatives, helps bring existing resources to the TCTAC's broader, multi-state network. GPI is working to train up the TCTAC and other partner organizations to broaden the reach of its programs within and outside of Minnesota.

Many – if not most – of the relevant federal technical assistance resources are located within DOE. But it is often difficult for one federal agency to effectively convene multi-agency efforts, though there are exceptions. DOE's leadership in convening the Interagency Working Group on Coal and Power Plan Communities and Economic Revitalization is a notable one.

There are three alternatives to a federal model for coordination of technical assistance worth pursuing:

- **State Clean Energy Technical Assistance Hubs:** States are already starting to play a leading role in the support of clean energy project development at the local government level. As outlined above, Rhode Island may have the most robust model specific to elective pay, providing no cost tax advisory, tax counsel and municipal advisory services to local governments on elective pay projects through the Rhode Island Infrastructure Bank. Pennsylvania's upcoming Service Bureau for local governments could play a similar role, and both Michigan and Massachusetts are working toward providing comprehensive technical assistance to local governments – much as they have done in support of local government efforts to seek BIL funding.

  States could combine the provision of direct technical assistance with financial support for clean energy projects. Whereas most of the non-profit providers are not connected to financial support for elective pay projects and many federal technical assistance programs are not connected to grant or financing programs, states are in the unique position of frequently connecting their technical assistance resources directly to Green Bank and other financing programs.

  Rhode Island already envisions doing just this through its Infrastructure Bank; Minnesota's Green Bank has already provided financing to elective pay projects, as noted; Pennsylvania's Solar for Schools Grant Program will support school districts' infrastructure; and Massachusetts's recent creation of the $750 million pool of funding can be leveraged to support elective pay projects.

  To build on these efforts, states could also support coordination of federal and non-profit technical assistance resources. States are closer to the ground than the federal government, and rather than trying to coordinate access to technical assistance for every local government in the nation at the federal level, states can play the intermediary navigator role. With respect to grant funding, this is a role that states have already taken on with programs designed to draw down BIL funding.

  Finally, states have greater flexibility to procure services that they can share with local governments on an as needed basis. Again, the Rhode Island, Minnesota and Pennsylvania models are all good examples of how this could work.

  Under a State Clean Energy Technical Assistance Hub model, each state would have direct contacts to all the relevant federal and philanthropically funded technical assistance programs. State staff would be able to draw upon these connections and resources on behalf of their local governments.

- **Regional Clean Energy Technical Assistance Hubs:** While all state governments should be encouraged to follow this approach, not all will. Many states may simply leave local governments on their own to navigate the development of clean energy projects and either focus exclusively on state government projects or not engage at all.

  An alternative would be for regional planning entities to play the same role as states. In other words, they would be the hubs for technical assistance, financial and administrative support. Regional planning entities have the advantage of being even closer to the ground than the state and the ability to draw on pre-existing relationships at the local level.

  Regional planning entities frequently play this role with respect to federal grant programs – especially those focused on transportation. And some regional planning entities have already expressed an interest in playing a greater role.

- **Non-Profit and Collective Clean Energy Technical Assistance Hubs**: A final alternative to the federal model would be to create place-based hubs that are funded through collective efforts by local government and philanthropy. For example, the Wisconsin Local Government Climate Coalition "provides a platform for members to collaborate on overcoming barriers to decarbonization, accelerating local climate change solutions, and ensuring the benefits of the clean energy economy are distributed to everyone throughout the state." The Coalition includes more than 20 cities, towns and counties from across Wisconsin as members. One current project involves creating a Local Government Greenhouse Gas (GHG) Reduction Playbooks Project to help local governments reduce emissions by identifying best practices and high impact strategies.

  The Just Transition Fund is an intermediary non-profit organization funded by a consortium of philanthropic organizations that provides broad technical assistance and capacity building funding support to former coal communities. One could imagine a series of non-profit clean energy technical assistance hubs based on this model.

  Finally, associations of local government could provide technical support and services through a low-cost fee for service model. ICMA has several initiatives that do just this. For example, MissionSquare Retirement is a non-stock, non-profit, independent financial services organization governed by an independent board of directors. MissionSquare Retirement provides retirement plans and related services for more than a million public sector participant accounts. The company was organized as an independent 501(c)(3) organization in 1972 with the assistance of a Ford Foundation grant. One could envision ICMA – or other similar associations – organizing a similar non-profit to provide tax advisory services to member local governments for a fee.

2. Achieve Scale with Technical Assistance Programs

In addition to improving coordinated access to existing technical assistance programs, both federal agencies and non-profit providers need to take these programs to scale. For example, local governments have expressed consistent praise for the support provided by programs like the Lighthouse Cohort and the Local Infrastructure Hub's more intensive bootcamp programs. But both programs have limitations in the number of cities that can be supported.

Philanthropy should seek to evaluate the different technical assistance programs designed to support clean energy project implementation and elective pay uptake. These evaluations would then be useful in determining whether and how to grow some of the existing technical assistance efforts to ensure that every local government has access to the needed support. Evaluation could also be helpful in identifying those areas of technical assistance support where there are gaps.

Evaluation-based decisions could then support program expansion and new programs potentially funded by the federal government, state, regional or collective clean energy hubs and/or philanthropy.

3. Expand Capacity Support for Local Governments

While there is a robust array of technical assistance programs that directly support or could be leveraged to support clean energy project implementation and elective pay, there is less in the way of support for adding capacity to local governments. Absent capacity, many local governments can gain the know-how needed through technical assistance but still be left unable to translate vision into action.

As discussed above, Treasury identified several programs that put on-the-ground support in place to strengthen implementation by local governments. Evaluation of these existing capacity building efforts could catalyze expansion to scale.

There may be other ways to support capacity at the local level:

- The Interagency Working Group is exploring an innovative approach of having Americorps workers on its staff to support its efforts to assist coal communities in accessing federal funding resources.

- State governments could engage in similar capacity building efforts at the local level. And through intergovernmental personnel agreements (IPAs), federal employees could be deployed to the local level.

4. Create Clean Energy Implementation Playbooks.

While some local governments will need capacity and/or technical assistance to move forward with clean energy projects and elective pay uptake, others might require lighter touch technical assistance in the form of playbooks.

It would be useful to develop playbooks for local government by technology-type to provide project blueprints and checklists and answer common questions for pre-development and project planning.

DOE has already taken an important step in this direction. DOE's Elective Pay – Blueprints for Communities opportunity was launched in July 2024 to support the development of additional resources for communities as they plan and execute projects which are eligible for clean energy tax credits through elective pay or the 179D energy efficient commercial building property tax deduction. The opportunity envisions blueprints as documents that will help guide interested entities through all stages of a sample project, identifying important considerations, opportunities and restrictions along the road to claiming elective pay. Blueprints developed through this funding opportunity will address multiple topics central to planning and implementing an eligible project, potentially including but not limited to the following: building a project team; funding

and financing; designing an eligible project; documentation and record keeping; tax year determination; prevailing wage, apprenticeship and domestic content requirements; IRS pre-registration; and tax return filing.

5. **Target Assistance to Local Governments that Have the Greatest Need**.

Federal, state and philanthropically funded technical assistance and capacity building support should be targeted to local governments that need the assistance and support the most. Treasury's outreach to 150 high poverty, low capacity cities has demonstrated the value of affirmative efforts to make these city governments aware of opportunities to use elective pay to fund investments in clean energy. More, however, needs to be done:

- Treasury should complete outreach to the remaining 48 cities on the list of 150 target communities by the first anniversary of Secretary Yellen's March 2024 speech on place-based economic development.[3]

- State, regional or other clean energy hubs should conduct a series of follow up visits with the full list of 150 communities to ensure that these local governments are aware of the array of clean energy technical assistance and capacity building supports.

- State, regional or other clean energy hubs should develop a similar program of education and awareness on elective pay for high poverty local school districts and for non-urban rural high poverty counties.

[3] Remarks by Secretary of the Treasury Janet L. Yellen at Advanced Nano Products in Elizabethtown, Kentucky | U.S. Department of the Treasury