



TaxNewsFlash

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Application period for 2024 environmental justice solar and wind capacity limitation program closing soon

The U.S. Department of the Treasury and IRS today announced that the application period for the 2024 program year for the “Low-Income Communities Bonus Credit program” under section 48(e)—which allocates 1.8 gigawatts annually in environmental justice solar and wind capacity limitation with respect to certain solar and wind facilities placed in service in connection with low-income communities—will close for most low-income community projects (Categories 1, 3, and 4) on October 10, 2024, and for projects located on Indian Lands (Category 2) on November 12, 2024.

Read the [Treasury release](#)

The Treasury Department and IRS also announced that they have received over 50,000 applications requesting over 6 gigawatts of capacity so far in the 2024 program year. The total capacity for the 2024 program year is 2.125 gigawatts of capacity, and the Treasury Department and IRS anticipate releasing information about reallocations of any remaining unallocated capacity in the coming weeks.

Background

The program, established under H.R. 5376 (commonly called the “Inflation Reduction Act of 2022” (IRA)), provides an increase of 10% or 20% to the investment tax credit for qualified solar or wind facilities in low-income communities.

The Treasury Department and IRS launched the program in February 2023 under Notice 2023-17, which provided initial program guidance for potential applicants for allocations of calendar year 2023 capacity limitation.

Treasury and the IRS then published proposed regulations in June 2023, supplementing the guidance provided in Notice 2023-17 to outline the specific application procedures, additional allocation criteria, and applicable definitions, among other information, necessary to submit an application to request an allocation of the capacity limitation for calendar year 2023 under the program.

The proposed regulations were finalized in August 2023, with the [final regulations](#) providing the four project categories under which facilities apply for an allocation, and the increase of either 10% or 20% associated with a project category. Treasury and the IRS also released [Rev. Proc. 2023-27](#) in August 2023, providing procedural and clarifying guidance applicable to the program.

The IRS then released [Rev. Proc. 2024-19](#) in March 2023, providing guidance applicable to solely the 2024 program year. Read [TaxNewsFlash](#)

Treasury and the IRS also released [proposed regulations](#) in August 2024, providing guidance on the “Clean Electricity Low-Income Communities Bonus Credit program” under section 48E(h), which opens the program under section 48(e) to additional clean energy technologies beyond wind and solar (e.g., hydropower and geothermal) for calendar years 2025 and succeeding years. Read [TaxNewsFlash](#)

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