

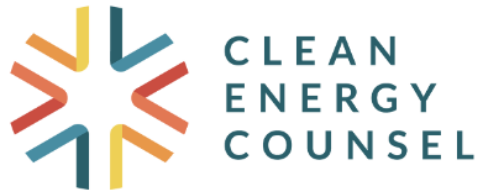
LOW INCOME COMMUNITIES BONUS ADDER (10-20%)

General Background

- **Application:** These credits are offered as a bonus on top of the typical 30% tax incentive available **only for solar and wind projects under 5 MW**.
- Unlike Domestic Content or Energy Communities bonuses, the LIC Bonus is an allocated credit, which means developers must apply to the Department of Energy (DOE) via the new (not yet working) [Portal](#) to receive these credits and be awarded bonuses based on a limited pool. **Portal opens on 10/19**
- There are 4 categories of these bonuses, totaling 1.8 GW for 2023 and 1.8GW for 2024 (to be replaced in 2025 with the 48E credit (technology-neutral)):
 - **Category 1:** Located in a Low-Income Community - 700 megawatts (10% adder)
 - **Category 2:** Located on Indian Land - 200 megawatts (10% adder)
 - **Category 3:** Qualified Low-Income Residential Building Project (affordable housing) - 200 megawatts (20% adder)
 - **Category 4:** Qualified Low-Income Economic Benefit Project (project benefits low income community) - 700 megawatts (20% adder)
- **An applicant must receive their allocation award before the project is placed in service (PIS).**

Application Process

- **First: Apply for Allocation Through the [DOE Portal](#) - Opens 10/19!**
 - First 30 days, all applications will be deemed filed at the same time, then rolling basis
 - After 30 days, DOE will publish an allocation dashboard
 - Tips:
 - Choose the correct category!
 - Use all applicable Additional Selection Criteria (see below)
 - Have all documents ready when you start the application process (DOE's website will identify all necessary documents before you start)
 - USE THE CORRECT FACILITY SIZE (this cannot be amended later and you could lose allocation if your facility changes size by more than 25%)
- **Second:** If the application pools are oversubscribed (which is almost a certainty), the DOE (in coordination with Treasury) will select projects based on a lottery and selection criteria below. That lottery prioritizes projects that qualify under the "Additional Selection Criteria" (ASC) over non-ASC projects:



- **Geographic:** Located within particularly impacted areas see [DOE map](#) that shows areas that match the “Geographic” ASC
 - Located on Indian Land (not shown on map above), or
 - Located in a persistent poverty county or a census tract in the [Climate and Economic Justice Screening Tool](#) as disadvantaged community based on whether the tract is at least in the 90th percentile for energy burden and is at least in the 65th percentile for low-income (or at least in the 90th percentile for PM2.5 [particulate matter] exposure and at least in the 65th percentile for low-income).
- **Ownership:** A qualified solar or wind facility owned by
 - a Tribal Enterprise,
 - Alaska Native Corporation,
 - renewable energy cooperative,
 - qualified renewable energy company meeting certain characteristics or
 - a qualified nonprofit entity
- **Third: DOE and IRS Review:** DOE makes a preliminary recommendation to IRS of allocations for 2023; IRS reviews, may ask for more documentation, and sends preliminary approval or denial
- **Fourth: Project is Placed in Service (PIS):** After a project has received its allocation award and is PIS, the applicant must complete the application with project details.
 - Go into DOE Portal and use Unique ID created with initial application
 - Confirm PIS date, facility size, etc. Must have supporting documentation
- **Fifth: Receive IRS Eligibility Letter**
- **Sixth: Claim 10-20% bonus adder on Tax Return Form**

Don't Get DQ'd!

The following can cause disqualification:

- If the final capacity of the project is reduced by more than 25%;
- Project received allocation by meeting the Ownership criteria and the ownership changes prior to the facility being placed in service;
- Project location changes; or
- Project cannot satisfy the financial benefits for Category 3 or 4.

More Information:

- [DOE Low Income Communities Bonus Website](#)
- [Final Regulations](#)