Direct Pay

- Direct pay is a new financial mechanism established by IRA that allows tax exempt entities to receive a direct payment from the federal government equal to the value of a tax credit.


- Offers local governments the ability to better achieve their climate goals by making carbon reduction and resilience projects more cost effective.

- Final guidance could be released by the end of the year on the process of electing direct payment.

Resources

The White House
- Direct Pay Through the Inflation Reduction Act

Treasury
- Elective Pay

USCM and C2ES
- Unlocking the Potential of the Inflation Reduction Act

The Local Infrastructure Hub
- Navigating IRA Tax Credits for Local Leaders