



Internal Revenue Service  
United States Department of the Treasury  
Ben Franklin Station  
P.O. Box 7604, Room 5203  
Washington, D.C., 20044

November 4, 2022

**Re: Comments on the Implementation of Clean Energy Tax Incentives for the Inflation Reduction Act**

To whom it may concern,

Climate Jobs Rhode Island appreciates the opportunity to comment on the implementation of important tax provisions within the Inflation Reduction Act (IRA). Climate Jobs Rhode Island is a Rhode Island-based coalition of labor, environmental, and community organizations working together to establish a just transition to a green economy that is rooted in economic, environmental, racial, and social justice.

The incentives for which we submit these comments are the backbone of the Inflation Reduction Act's approach to leveraging climate action as a critical way to advance economic and environmental justice, while lifting families out of poverty by expanding access to family-sustaining career pathways.

Therefore, the Treasury Department must ensure that the implementation of the provisions of the IRA maintains the intent of the statute to expand economic opportunity and advance environmental justice.

Transparency and enforcement will be the most critical component of these regulations. We strongly encourage the Treasury Department to collaborate with the Department of Labor (DOL) through a memorandum of understanding in order to involve DOL's expertise and data on labor standards, associated definitions, and appropriate documentation.

Additionally, Climate Jobs Rhode Island is pleased to submit the following recommendations for implementing key tax provisions of the IRA:

### **Transparency and Enforcement**

Taxpayers intending to claim bonus tax credits that are subject to labor standards requirements should be required to file a public notice declaring their intention to claim these credits. Additionally, taxpayers, contractors, and subcontractors implementing projects assisted by these tax credits should be required to file a sworn compliance report. All documentation accompanying notices of intent (NOI) and sworn compliance reports should be made public on the IRS website. The following information should be included in NOIs and compliance reports:

- 1) Taxpayer information, including:
  - a. Name and contact information.
  - b. Whether the taxpayer is currently affiliated with or participates in a registered apprenticeship program. If so, provide the name and contact information of the registered apprenticeship program.
- 2) Contractor and subcontractor information, including:
  - a. Name and contact information.
  - b. Whether the contractor(s) and/or subcontractor(s) are affiliated with or participates in a registered apprenticeship program.
- 3) Information about the facility or facilities for which the taxpayer is receiving tax credits, including:
  - a. The type of energy generated by the qualified energy facility or facilities.
  - b. The location.
  - c. The type of work performed.
  - d. The estimated start and end date of construction.
  - e. The estimated total number of labor hours.
- 4) A description of the type of workforce on the project, including:
  - a. An estimate of the total number of construction employees.

- b. An estimate of the total number of apprentices, the trades in which they will work, their wages and benefits, and the name and description of the apprenticeship program they will be enrolled in.
- c. An estimate of the number of journeypersons that will be hired, the trades in which they work, and their wages and benefits.
- d. An estimate of the number of workers on the project who are enrolled in a pre-apprenticeship program that maintains a direct entry agreement with a qualified labor organization.
- e. Taxpayers can meet the obligations of paragraphs b-d by providing a copy of the agreement(s), including a project labor agreement or labor peace agreements with qualified labor organizations, that demonstrate that they will meet the prerequisites for obtaining the tax credit.

5) A description of the workforce development plan, including:

- a. The taxpayer's plan for locating and employing a sufficient number of qualified journeypersons, apprentices, and pre-apprentices.
- b. The contractors' and/or subcontractors' plans for doing the same.
- c. Taxpayers can meet the obligations of paragraphs a and b by providing a copy of the agreement(s), including a project labor agreement or labor peace agreements with qualified labor organizations, that demonstrate that they will meet the prerequisites for obtaining the tax credit.

The IRS should create an accessible process for members of the public to file a report with the IRS concerning a taxpayer's, contractor's, or subcontractor's failure to comply with labor requirements on incentive-assisted projects.

If taxpayers, contractors, or subcontractors are found to be in violation of their obligations, then all partners on the project should no longer qualify for the tax credit, and repeat offenders should be subject to debarment.

### **Apprenticeship Requirements and Good Faith Effort Provision**

In order to comply with the Good Faith Effort provision of the apprenticeship requirement, taxpayers should be required to demonstrate that they, their contractors, and subcontractors have contacted a specified number of registered apprenticeship programs before applying for a waiver. During the duration of construction, taxpayers, contractors, and subcontractors should be required to file a quarterly Good Faith Effort waiver until construction is complete. In the event

that apprentices become available during the project, a process should be established to bring those apprentices onto the project. Additionally, wherever possible, taxpayers, contractors, and subcontractors should be required to include pre-apprenticeship programs that maintain direct entry agreements with registered apprenticeship programs.

The IRS should work with the Department of Labor to create a searchable database that lists registered apprenticeship programs in each state. Among other requirements, registered apprenticeship programs listed on the database should be required to demonstrate that they regularly graduate apprentices to journeyperson status, regularly recruit diverse apprentices, have entered into a formalized direct entry agreement with a pre-apprenticeship program, and provide a minimum of 30 hours of Occupational Safety and Health training.

### **Implementing the 1.8 GW Environmental Justice Solar and Wind Capacity Limitation**

Project developers seeking to receive an allocation of 1.8 GW incentives for investments that serve specific low income and environmental justice goals should be required to submit to the IRS the following information:

- 1) Evidence the project is located in an area that meets the target income level.
- 2) Evidence of site control.
- 3) Details on project financing, including sources and uses of funds.
- 4) Letters of commitment from the project's financial backers.
- 5) Identification of the parties, people, and/or communities served by the project.
- 6) Letters of support from the intended beneficiaries.
- 7) Identity of the off-taker for the energy produced.
- 8) A plan to utilize registered apprentices.
- 9) A statement of commitment to pay prevailing wages to workers employed on the project.
- 10) Any feasibility studies or project scoping reports for the project.
- 11) The project's timeline and interim milestones.

Recipients of the allocation should be required to complete the project within a reasonable time, consistent with industry standards. The IRS should establish a queue of project applicants, ordered by the date of their submission.

### **"Economic Benefits" to Low-Income Communities**

Taxpayers claiming tax credits that require providing economic benefits to low-income communities should be required to declare their intentions, which should be published on the IRS website. The Inflation Reduction Act does not define the term "economic benefits." "Economic benefits" should be further defined and taxpayers claiming this incentive should be required to demonstrate the following:

- 1) Written commitments to partner with local pre-apprenticeship programs, and include good faith efforts to hire local residents as pre-apprentices, apprentices, and/or journeypersons.
- 2) A written Community Benefits Agreement (CBA) co-signed by at least one community based organization **and** 25 residents located within the host community. Community based organizations signing the (CBA) should have at least five years of experience operating within the host community and engaging community members.
  - a) If the taxpayer is able to demonstrate that a qualified community based organization does not exist within the host community, a written statement signed by at least 50 residents indicating whether they support the project and their view of the local economic benefits should be required.

Sincerely,

A handwritten signature in black ink that reads "Michael Roles". The signature is written in a cursive, flowing style.

Michael Roles  
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