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**Comments of the**  
**Motor & Equipment Manufacturers Association**  
**to the**  
**Department of Treasury**  
**on the**  
**Prevailing Wage, Apprenticeship, Domestic Content, and Energy Communities**  
**Requirements Under the Act Commonly Known as the Inflation Reduction Act**  
**Notice 2022-51**  
**November 4, 2022**

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The Motor & Equipment Manufacturers Association (MEMA) submits this feedback to the Department of Treasury and the Internal Revenue Service (IRS) in response to the request for comments on energy security tax credits.<sup>1</sup> MEMA appreciates the Department's willingness to engage with stakeholders in developing its implementing guidelines and looks forward to providing further feedback to Treasury and the IRS on these and other programs created by the Inflation Reduction Act (IRA).

MEMA represents more than 900 companies that manufacture components, systems, and materials for light- and heavy-duty vehicle original equipment and aftermarket industries.<sup>2</sup> The vehicle supplier components manufacturing industry is the nation's largest sector of manufacturing jobs – employing more than 907,000 workers in all 50 states.

MEMA applauds the actions from the Administration and Congress to ensure the strength of supply chains and manufacturers. These steps have been essential to protect the long-term health of the vehicle supplier industry. As Treasury takes steps to implement the requirements for the tax credits and the credit enhancements from IRA, MEMA urges Treasury to take steps to avoid creating new supply chain disruptions.

### **Background**

MEMA members develop and produce a multitude of technologies and a wide range of products, components, and systems that make vehicles safer, more efficient, reduce emissions, and enable advanced clean technologies. Suppliers are committed to providing innovative and accessible

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<sup>1</sup> Request for Comments on Prevailing Wage, Apprenticeship, Domestic Content, and Energy Communities Requirements (Notice 2022-51); IRS-2022-0025-0001

<sup>2</sup> MEMA represents its members via four divisions: Automotive Aftermarket Suppliers Association (AASA); Heavy Duty Manufacturers Association (HDMA); MERA – The Association for Sustainable Manufacturing; and, Original Equipment Suppliers Association (OESA).

technologies needed to meet the Biden Administration's goal of economy-wide net-zero emissions by 2050.

Suppliers are on the front line of technology investment, taking on substantial risks by developing innovative technologies. Several of the credits and the related credit enhancements envisioned in the IRA have significant implications for vehicle suppliers.

MEMA encourages Treasury to act quickly to implement the tax credits for advanced energy projects and production. Prompt action will help meet the Administration's climate goals and reinforce American manufacturing. At the same time, this prompt action, including the credit enhancements, must be flexible.

### **Responses to specific questions:**

#### **.02 Apprenticeship Requirement**

(2) Section 45(b)(8)(D)(ii) provides for a good faith effort exception to the apprenticeship requirement. (b) What factors should be considered in administering and promoting compliance with this good faith effort exception?

**Answer:** Suppliers are supporters of the apprenticeship model and many companies actively participate by providing Department of Labor registered programs to educate future workforces. With outside contractors such as those completing construction work, it can be difficult to certify compliance. These difficulties may be exacerbated by labor shortages throughout the nation. MEMA urges the Treasury to be flexible in recognizing the good faith effort exception particularly in relation to the number of factors that would be outside of the control of an applicant.

#### **.03 Domestic Content Requirement**

(1)(b) What should the Treasury Department and the IRS consider when determining "completion of construction" for purposes of the domestic content requirement? Should the "completion of construction date" be the same as the placed in service date? If not, why?

**Answer:** The "completion of construction date" should be the date the construction contract is complete, not date the facility is complete. For example, the date a facility is ultimately placed in service could extend beyond the construction completion date due to factors that are both in and out of the applicant's control. A manufacturer relies on multiple contractors and vendors for larger facility projects. In these cases, there can be differing dates individual projects and product lines are placed into service. In these instances, MEMA urges Treasury to allow that applicants may have discrete instances in time when projects are in place.

Additionally, supply chain disruptions continue to permeate and unforeseen delays caused by a variety of factors can occur. Applicants will make significant investments based on original scopes of work and deadlines. MEMA encourages Treasury to consider the impact project delays can have and allow for some flexibility within the timeframes.

(5) Please provide comments on any other topics relating to the domestic content requirements that may require guidance.

**Answer:** As the users of the products outlined in the domestic content requirements, it can be challenging for our members to meet requirements under tight deadlines. MEMA urges Treasury to recognize the investments made for facility construction and the impact supply chain delays, material shortages, and other factors outside of the applicant's control can have on sourcing and constructing facilities. Flexibility should be allowed based on demonstrated good faith effort to meet the sourcing goals of the domestic content requirements.

Furthermore, MEMA is still reviewing the technical specifications in this request for comment as well as the other technical specifications released by Treasury. Therefore, MEMA will share further recommendations and suggestions in the near future.

## **Conclusion**

The goals outlined in IRA cannot be achieved without suppliers. As previously demonstrated, suppliers take on a significant role in the design, development, engineering, testing, validating and deployment of new vehicle technologies.

In order to expedite advanced vehicle technologies, Treasury must draft implementing regulations that are flexible in nature and has clear and concise detail regarding the credit enhancements.

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