

U.S. DEPARTMENT OF THE TREASURY

Treasury Releases Guidance to Drive Investment to Coal Communities

April 4, 2023

WASHINGTON, D.C. – Today the U.S. Treasury Department and Internal Revenue Service (IRS) released [guidance](#) that provides detailed information about the bonus under the Inflation Reduction Act for clean energy projects and facilities located in communities that have driven and historically been at the forefront of energy production. Developers can receive a bonus of up to 10 percentage points on top of the Investment Tax Credit (ITC) and an increase of 10 percent for the Production Tax Credit (PTC).

“The Inflation Reduction Act ensures all Americans benefit from the growth of the clean energy economy by driving investment and creating jobs in coal communities,” said Secretary of the Treasury Janet L. Yellen. “Coal communities have the knowledge and resources to play a leading role in the growth of the clean energy economy, and additional public investment will jumpstart the process.”

The energy community bonus for the ITC and PTC is available to developers for locating projects in historical energy communities, including areas with closed coal mines or coal-fired power plants. A census tract or directly adjoining census tract where a coal mine closed after 1999, or where a coal-fired electric generating unit was retired after 2009 qualifies as an energy community.

The bonus is also available to areas that have significant employment or local tax revenues from fossil fuels and higher than average unemployment. To qualify for the bonus, a metropolitan statistical area or non-metropolitan statistical area must have or have recently had at least 0.17 percent direct employment, or at least 25 percent local tax revenues related to the extraction, processing, transport, or storage of coal, oil, or natural gas, as well as an unemployment rate at or above the national average unemployment rate for the previous year.

The text of the Inflation Reduction Act specifies that brownfields, which are properties contaminated by hazardous materials or other pollutants, also qualify as energy communities.

Treasury and IRS have partnered with the Interagency Working Group on Energy Communities to provide a [searchable mapping tool](#) that helps identify areas that may be eligible for the energy communities bonus. The tool will be updated regularly as additional data becomes available.

Today's announcement catalyzing investments in coal communities builds on the guidance Treasury released in February for the Qualifying Advanced Energy Project Credit under Section 48C of the Internal Revenue Code. The 48C credit sets aside at least \$4 billion for investments in manufacturing in coal communities. Applications for the first round of funding are planned to open by May 31, 2023.