

May 26, 2026

The Honorable Patty Murray  
Vice Chair  
Senate Committee on Appropriations  
Washington, DC 20510

The Honorable Chuck Schumer  
Minority Leader  
United States Senate  
Washington, DC 20510

Dear Vice Chair Murray and Leader Schumer:

As you prepare the Fiscal Year 2027 Financial Services and General Government Appropriations bill, the undersigned organizations, representing groups who advocate for or work to advance clean energy projects, write to share the importance of a well-resourced Internal Revenue Service (IRS) for lowering costs and strengthening reliability for families and communities through access to clean energy tax credits. We request that you provide \$18 billion in discretionary funding for the IRS, which is what the agency spent in Fiscal Year 2025 on regular operations (adjusted for inflation), and urge no further IRS funding rescissions, including to the remaining mandatory funding dedicated to carrying out the energy title of the Inflation Reduction Act (IRA).

A properly funded IRS is critical to ensuring families and communities across the country can claim the benefits they are eligible for, including clean energy tax credits. Preventing further cuts to the agency is essential for protecting continued access to these credits for years to come. [Recent reports](#) reviewing IRA implementation have concluded that successful implementation of the IRA clean energy tax credits hinged on dedicated funding for Treasury, IRS operations, and IRS Chief Counsel to provide timely guidance in collaboration with other federal agencies and to establish the systems and infrastructure necessary to efficiently deliver credits to taxpayers making clean energy investments, including households, companies, nonprofits, as well as state, local, Tribal, and territorial governments. That entailed building and operating new digital products including the Energy Credits Online portal, registration systems, and data systems, as well as establishing dedicated help desks and office hours to answer taxpayer questions.

***Status of IRS Implementation and Administration of Energy Credits***

Though last year's reconciliation bill shortened eligibility timelines for some types of projects, ongoing administrative resources are critical both for ensuring that projects can take advantage of the shortened tax credit timelines and for the many types of projects that continue to have a long runway. Solar, wind, hydrogen, vehicle, and vehicle charging projects have been rushing to take the steps necessary to meet the shortened timelines, and these projects will still require IRS processing of registrations and returns this year and for years to come. For example, a solar project that begins construction this year may be eligible for a tax credit when completed in 2030. In addition, there are still many credits available over the long-term for projects ranging

from battery storage to ground-source heat pumps, and from clean fuels to manufacturing. The reconciliation bill also added new statutory requirements to the credits, which Treasury and the IRS are currently implementing and which require deep technical expertise and significant personnel resources. Taxpayers have requested prompt guidance on these requirements in order to provide taxpayer and market certainty and enable projects striving to comply with these complex new requirements to move forward and secure financing.

In particular, full access to these credits continues to depend on the IRS Energy Credits Online portal, which administers the two novel credit monetization tools created by the IRA: Transferability and Elective Pay. These mechanisms were not altered by last year's reconciliation bill and remain critical to unlocking significant clean energy credit uptake across communities. Under Treasury regulations, all taxpayers using one of these mechanisms must register their projects in advance within the portal with appropriate documentation and receive a registration number, subject to IRS processing times, in time for their return or else effectively irreversibly lose access to the credit.<sup>1</sup>

### ***Transferability***

Since the IRA created Transferability to allow projects to sell tax credits to a third party with sufficient tax liability, the size of the tax credit investor and buyer market has approximately tripled to [over \\$60 billion](#) in 2025. This market growth has contributed to the financing and development of clean energy and manufacturing projects across the country. Transferability is a core feature of tax credit deals today. Without it, tax credit financing would fall through for a very significant number of projects. Moreover, Transferability focuses government resources on the most critical issues by creating a mechanism for third-party diligence on tax credit eligibility.

### ***Elective Pay***

The IRA also expanded access to clean energy tax credits to public and tax-exempt entities for the first time through Elective Pay. This new option, which supports needed energy infrastructure development for critical community facilities, is so impactful that states like Washington and Michigan have set up comprehensive technical assistance programs for public and tax-exempt entities, resulting in huge successes for those States. Specifically in Washington, the Washington Department of Commerce's [Clean Energy Tax Credit Assistance Program](#) (CETCAP), operated in partnership with Lawyers for Good Government (LGG) and other partners, has helped over 915 projects receive tax credits for their clean energy projects. Washington State's investment in Elective Pay technical assistance has supported Tribes, municipalities, nonprofits, and other tax-exempt entities in deploying community-owned clean energy resources. These projects include solar and battery systems, electric vehicle charging

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<sup>1</sup> For both Transferability and Elective Pay, a taxpayer must timely file a return by the original due date (4.5 months after close of the taxable year) or can request one six-month extension by the original due date. Unlike other taxpayers, entities claiming credits using either mechanism cannot amend their returns or file late returns to access the mechanism.

infrastructure, widespread municipal fleet electrification, hydropower turbine upgrades, and ground-source heat pumps.

The following examples illustrate how Elective Pay is functioning on the ground, and why continued IRS capacity and system reliability are essential to successful implementation and a growing national pipeline:

- At Klickitat Valley Health in Goldendale, Washington, a [rural critical access hospital](#) is deploying a ground-source heat pump system to replace aging HVAC infrastructure with support from CETCAP. This type of project requires significant upfront capital investment and delivers benefits over a multi-decade lifespan, making it highly dependent on long-term certainty around credit availability and payment. The hospital's ability to proceed is directly tied to confidence in the IRS Elective Pay framework, including pre-filing registration, portal functionality, and timely reimbursement. For entities such as rural healthcare providers operating on narrow margins, claiming a credit through Elective Pay is a core component of project financing. The result is a more resilient facility, reduced operating costs, and improved local air quality. Similar projects are already under consideration by other healthcare and public-sector entities.
- The [City of Issaquah](#) successfully used Elective Pay to reduce the cost of electrifying its municipal fleet by approximately 12 percent. This project demonstrates that Elective Pay is delivering immediate, actionable value for local governments making near-term procurement decisions. The City's success depended on the ability to navigate IRS pre-filing registration requirements and submit through the Energy Credits Online portal in a manner consistent with municipal budgeting timelines. For cities operating on fixed fiscal cycles, delays or uncertainty in IRS processing would directly impede deployment. Issaquah's experience successfully leveraging Elective Pay is being replicated by other jurisdictions in Washington, including the [City of Ridgefield](#) and [King County](#), who filed for more than \$6.5 million in Elective Pay tax credits tied to a large-scale battery storage installation at the state's largest water treatment plant, which has already [prevented](#) storms and other power disruptions from causing untreated wastewater pollution into Puget Sound, as well as the electrification of a 200-vehicle fleet, with additional fleet and infrastructure investments planned in upcoming tax years. King County is also actively filing for Elective Pay credits for a 123-port charging station to service a County electric bus fleet at Tukwila Base.
- The [Snohomish County Public Utility District](#) also successfully used Elective Pay to receive over \$1 million in credits to offset the costs of a 400-kW solar array, which produces enough electricity to power approximately 30 homes annually, with proceeds supporting the Community Energy Fund, which offers emergency bill assistance to income-qualified customers.

- In Tompkins County, New York, local leaders advanced a major geothermal heating project at a public works facility and purchased electric vehicles to modernize County operations and reduce emissions, receiving approximately [\\$1.8 million](#) through Elective Pay. These funds are planned to help fund the [next phase](#) of the County's Green Facilities Initiative and additional fleet expansions.
- In a small coastal town in Maine, the Saco School Department broke ground last December on a [new school complex](#) which will feature a ground-source heat pump system for which they expect to file for \$1 million in tax credits. The system will provide high-quality air and a high-quality learning environment, addressing summer classroom temperatures as high as 96 degrees and generating \$300,000 in annual operating cost savings when paired with solar panels. A [map](#) of school investments pursuing clean energy tax credits compiled by UndauntedK12 shows [projects](#) spanning ground-source heat pumps, solar, energy storage, and electric school buses across the country, many of which have additional pre-filing registrations or tax filings to complete with the IRS.

### ***IRS Resources are Key to Credit Access and Administration***

The success of these technical assistance efforts relies not only on the continued smooth operation of the Energy Credits Online portal and the expertise to staff it, but also on continued partnership with the IRS to resolve taxpayer questions and issues. For example, the IRS continues to host monthly Office Hours for taxpayers seeking to use Elective Pay and Transferability to answer a range of questions about pre-filing registration and claiming the credits, including addressing technical and IT-related issues with the portal, confusion about timing and content of registration, delays and rejections, and other issues.

These Office Hours are a valuable resource for entities using Elective Pay and Transferability. For example, based on conversations with IRS personnel during Office Hours, L4GG was able to address a small city's urgent registration questions that had to be resolved by the final due date of the return to ensure the city did not lose out on its refund for electric vehicle purchases. In addition to Office Hours, other IRS tools have also been important for taxpayer assistance, including the secure messaging function in the Energy Credits Online portal, a dedicated monitored IRS Elective Pay and Transferability email inbox, the Tax Exempt and Government Entities phone line, and, in certain circumstances, assistance from the Taxpayer Advocate Service.

Delays in receiving IRS assistance to resolve issues could mean that an entity cannot timely file a complete return and thus permanently cannot claim its refund, resulting in catastrophic financial loss; for example, for an entity claiming a credit for a solar installation, the credit amount can equal between 30 and 70 percent of the cost of the system. In one recent instance, an entity which missed their filing deadline lost out on a refund they were expecting to help cover the

installation costs of a community resilience hub used to provide the local community with shelter and electricity in cases of electrical outage or severe weather events.

In general, many Elective Pay entities and parties to Transferability transactions are receiving their refunds in a timely manner, though processing times vary and remain significant in particular for paper-filed returns. When there are issues, however, the above resources and staffing capacity are critical for resolving late refunds. These preventable delays can have a dramatic impact for Elective Pay entities, many of which do not have access to traditional capital and rely on these refunds to help pay for the cost of their investment and manage their financing and cash flow, especially as many entities have obtained loans based on the expected refund or are using refunds to make final payments to installers. Entities who have leveraged their expected refund to secure a construction or bridge loan could even face default risks if refunds are not processed in a timely fashion. Moreover, the economics of deals involving Transferability frequently turn on timely receipt of refunds from the IRS; unpredictable timelines can prevent projects from accessing financing. Continued funding for processing of pre-filing registrations, returns, and to resolve taxpayer issues is critical to the ability for Elective Pay entities and Transferability beneficiaries to receive these refunds on time, and is central to preserving confidence in the functioning of the tax system in communities across the country that have planned around Elective Pay and Transferability.

Over the past year, Treasury and the IRS have already lost significant expertise critical to implementing and administering the clean energy tax credits. Preserving the expertise that remains and ensuring the continued operation of critical tools such as the Energy Credits Online portal and Office Hours will determine whether taxpayers are able to successfully, and in a reasonable timeframe, access the credits they are entitled to and that they have been planning on to enable their investments.

We hope that this information on the real-world impacts of IRS administration is helpful to your deliberations and that you will consider the role of the IRS as a core agency enabling continued clean energy deployment that addresses the affordability crisis and benefits communities across the nation.

Thank you for your consideration.

Sincerely,  
Natural Resources Defense Council  
ACORE  
Alliance for Tribal Clean Energy  
Ceres  
E2

Economic Security Project Action  
Environmental Defense Fund  
Groundwork Action  
Lawyers for Good Government  
League of Conservation Voters  
New York Geothermal Energy Organization  
Northwest GeoExchange  
Sierra Club  
Solar Energy Industries Association  
Solar Energy Manufacturers for America Coalition  
Solar United Neighbors Action  
UndauntedK12  
Union of Concerned Scientists  
Zero Emission Transportation Association

cc: The Honorable Jack Reed, Ranking Member, Subcommittee on Financial Services and  
General Government