Low-Income Communities Bonus Credit Program

10% Low-Income Community Bonus Credit

What clean energy technology is eligible?
The bonus credits can be applied to 'qualified' solar or wind projects or projects that pair storage with solar or wind.

Is this project located in a low-income community?
- A population census tract where the 'poverty rate' (the number of households in poverty) is at least 20%
- Or the median family income for a population census tract does not exceed 80% of statewide median income
- Or, in a metropolitan area, the median family income for a population census tract does not exceed 80% of either: statewide median family income or metropolitan area median income, whichever is the greater.

ESRI developed a free mapping tool through ArcGIS, which indicates whether a project could potentially be eligible.

A project is eligible if 50% or more of the facility's nameplate capacity is in a qualifying area. The project's location will be reviewed using latitude, longitude coordinates as possible.

Learn more in this bonus credit FAQ resource and this Investment Tax Credit blog post.

Disclaimer: This guide provides an overview of IRS proposed guidance thus far. It does not constitute professional tax advice nor should it be used as the only source of information when making decisions.

Can I stack this with other credits?
Yes, this credit can be stacked with:
- 10% credit for 'energy communities'
- 10% credit for domestic manufacturing
This credit cannot be stacked with either of the 20% bonus credits. Learn more.

How can I claim this bonus credit?
Projects need to apply for a capacity allocation. Projects that apply are not guaranteed to receive the bonus credit.

When can I apply?
Treasury proposes an initial application window in 2023 followed by a rolling application process. Projects need to apply for and receive an allocation before the system is installed and placed in service.

How likely am I to receive a credit allocation?
In 2023, the IRS will award 700 megawatts worth of capacity allocations to projects located in low-income communities. IRS proposes reserving 560 megawatts for eligible residential behind-the-meter (BTM) facilities, including rooftop solar. IRS proposed prioritizing applicants that fulfill either/both the ownership criteria (e.g., qualified tax-exempt entity) or geographic criteria. See page 15 of this FAQ resource to learn more.

What do I need to apply?
Proof of necessary permits, structural analysis for site suitability (e.g., integrity of roof for solar), and more. See FAQ resource and blog post.