



## **U.S. Internal Revenue Service Section 48C Manufacturing Investment Tax Credit Program**

The U.S. Internal Revenue Service (IRS) is offering the “Qualifying Advanced Energy Project Credit” or **Manufacturing Investment Tax Credit**, a provision included in the American Recovery and Reinvestment Act (ARRA). This is a 30% investment tax credit for qualifying manufacturing facilities.

[Notice 2009-72](http://www.energy.gov/recovery/documents/Federal_Notece_48C.pdf) was released August 13, 2009, and includes application guidance, application forms, evaluation criteria and other guidance. It is available on the Department of Energy’s website, [http://www.energy.gov/recovery/documents/Federal\\_Notece\\_48C.pdf](http://www.energy.gov/recovery/documents/Federal_Notece_48C.pdf)

The main website for the 48C program is <http://www.energy.gov/recovery/48C.htm>

A conference call was held on Thursday, August 13<sup>th</sup> providing additional clarification and included John Parcell of the Department of Treasury and Matt Rogers of the Department of Energy.

Questions and final applications can be sent to [48Capplications@hq.doe.gov](mailto:48Capplications@hq.doe.gov).

### **Table of Contents**

[Overview & Eligibility](#)  
[Application Process](#)  
[Evaluation Criteria](#)

### **Overview & Eligibility**

The February 2009 American Reinvestment and Recovery Act (ARRA) included section 48C, which is a qualifying advanced energy project credit, commonly referred to as the Manufacturing Investment Tax Credit. The program aggregate credits allowed under the qualifying advanced energy project program may not exceed \$2.3 billion.

Qualifying projects can receive an amount equal to 30 percent of the qualified investment. New manufacturing facilities, as well as re-equipped or expanded manufacturing facilities, are eligible if they qualify as an advanced energy project and have a reasonable expectation of commercial viability.

“Advanced energy project” is clarified on pages 3 and 4 of the notice and includes a project that re-equips, expands or establishes a manufacturing facilities for the production of specified advanced energy property.

“Specified Advanced energy property” is clarified on page 4 of the notice and includes property designed for use in the production of energy from wind as well as electric grids and storage to support the transmission of intermittent renewable energy. Per the call with DOE, component manufacturers for turbines can qualify as “specified advanced energy property.”

“Eligible property” or qualified investment to which the 30 applies, is clarified on page 4 and 5 of the notice, includes property necessary for the production of specified advanced energy property. Buildings and structural components are not eligible.

It is made clear in the notice that “The tax credits are for manufacturing facilities; they are not for renewables or energy efficiency installation projects.”

### **Application Process**

Applicants must Submit 2 separate applications, one to DOE and one to IRS.

1. Application for DOE Recommendation (submit to DOE)
2. Application for Section 48C Certification (submit to IRS)

Timeline:

The DOE released a notice on the qualifying advanced energy credit program and began accepting applications for DOE Recommendation on August 14, 2009.

- September 16, 2009: **Preliminary applications for DOE Recommendation** must be received by DOE.
- October 16, 2009: **Final applications for DOE recommendation** must be received by DOE.
- December 16, 2009: DOE completion of merit reviews of final applications and provide recommendation to the IRS.
- January 15, 2010: IRS will accept or reject the application and notify the applicant by letter.
- March 15, 2010: Applicant must return the agreement form to IRS.
- April 16, 2010: IRS will execute and return agreement to applicant
- Additional requirements for certification exist in Section 7 of the notice.

**1. Application for DOE Recommendation** (submit to DOE), as outlined in Appendix B in the notice.

### **Preliminary Application for DOE Recommendation**

Preliminary application is for the DOE to preview the types of forthcoming final applications to allocation appropriate resources. Section I on pages 60 and 61 of the notice offers a preliminary application form. Additional guidance on the “Narrative Describing the Scope of Project” is found in the notice on page 30.

### **Final Application for DOE Recommendation**

Final Applications guidelines and suggestions for specific content are included in the notice on pages 32 through 38 and require the following outline:

Executive Summary and Introduction

Demonstration of Eligibility

Advanced Energy Project Qualification

Commercial Viability

Evaluation Criteria [see next section for more on evaluation criteria]

Domestic Job Creation

Impact on Air Pollution and Anthropogenic emissions of Greenhouse Gases

Technological Innovation and Cost Reduction

Project Schedule and Time to Completion

Supporting Documents

The sections outlined above, excluding the supporting documents, are identified as the “Project Information Memorandum” and cannot exceed 30 pages. Additional instructions are provided for quantification of the evaluation criteria pages 38 through 55.

Applications for the Preliminary and Final Application for DOE Recommendation may be submitted electronically to [48Capplications@hq.doe.gov](mailto:48Capplications@hq.doe.gov). Alternatively, applications may be submitted to the physical address which will be posted on [www.energy.gov/recovery/48C.htm](http://www.energy.gov/recovery/48C.htm).

### **IRS Acceptance or Rejection of Application**

By January 15<sup>th</sup>, the IRS will either accept or reject the application based on the application and the evaluation criteria, and notify the applicant by letter which serves as the letter of acceptance. Evidence that requirements of the certification have been met must be submitted within one year of acceptance, and includes federal, state and local permitting, environmental authorization and any other necessary reviews. The project must be online and in production within 3 years of receiving the letter of certification.

### **Applicant Acceptance Form**

By March 15, 2009, the application must return the acceptance form provided on pages 21 through 25 of the notice.



Evaluation Criterion 4: has **shortest project time** from certification to completion.

Calculation and quantification of these criteria should be provided in the application and specific guidance and formulas are provided on pages 35 to 55 of the notice.

Also considered will be the following four “Program Policy Factors”:

- Program Policy Factor 1: Geographic Diversity
- Program Policy Factor 2: Technology Diversity
- Program Policy Factor 3: Project Size Diversity
- Program Policy Factor 4: Regional Economic Development

*Notice: This summary document does not constitute legal or investment advice and should not be used as such. AWEA is not responsible for the accuracy, completeness or content of an application. All applicants should review all government documents individually and consult their own legal and other counsel.*