

The Inflation Reduction Act is landmark federal legislation that advances key priorities of the Clean Energy Districts of Iowa.

Electric Vehicle Tax Credit

Federal tax credit of up to \$7,500 for new EVs and \$4,000 for used EVs! The rules are complex and uncertain, and qualifying models will change yearly.

- \$7,500 credit for new electric vehicles (EV) or plug-in hybrid electric vehicles (PHEV) with MSRPs less than \$55,000 for cars and \$80,000 for SUVs and light-duty trucks
- Used EV/PHEV credit of 30% of purchase price up to \$4,000. Vehicle must be purchased from a dealer and be the vehicle's first non-new ownership transfer, and vehicle must be at least two years older than the calendar year in which it is purchased used. For example, a vehicle purchased in 2023 must be model year 2021 or older. Final assembly rules and material sourcing rules pertaining to new EVs do not apply. EV must be purchased from a dealer; private sales are excluded
- Tax credit may not be carried forward to future tax years; value of tax credit may only be as large as the purchaser's tax liability in the year in which the vehicle is purchased
- The \$7,500 new vehicle credit is actually two credits, each worth \$3,750, one dependent on battery assembly in North America, and the other dependent on critical minerals sourced from North America or a trade-friendly country. These requirements may reduce or eliminate the credit for most vehicles until manufacturing and supply chains adjust over time.
- Income cap of \$150,000 for individual filers and \$300,000 for joint filers for new EV credit, and \$75,000 for individual filers and \$150,000 for joint filers for used EV credit
- Entities without tax liability like schools, religious institutions, non profit organizations and local governments eligible for reimbursement of credit's value through new direct pay program

For vehicles purchased beginning January 1, 2024:

- Option of transferring credit for both new and used EVs to dealership for point-of-sale price reduction, allowing those with low single-year tax liability the ability to take advantage of the credit

EV Charger Tax Credit

Tax credit of \$1,000 for the installation of bidirectional home EV charger!

Timeline and Details: Charger must be bidirectional, allowing for vehicle charging and discharging to home or grid. Tax credit of up to 30% of qualifying expenses up to \$1,000. Tax credit availability requires tax liability. Credit program begins January 1, 2023.

Clean Energy Districts of Iowa are local institutions created to strengthen communities by leading, implementing and accelerating the locally owned clean energy transition. Fair access to locally owned clean energy is a win-win generating community-wide energy prosperity and climate stewardship.

