

2025 MDGFOA Winter Conference Federal Update

January 24, 2025

Michael Belarmino, Senior Policy Advisor
GFOA's Federal Liaison Center

Today's Roadmap

- Where We've Been
- Where We Are Now – The Week in Review
- Where We're Going
 - Budget Woes
 - Tax Reform
 - Other Issues



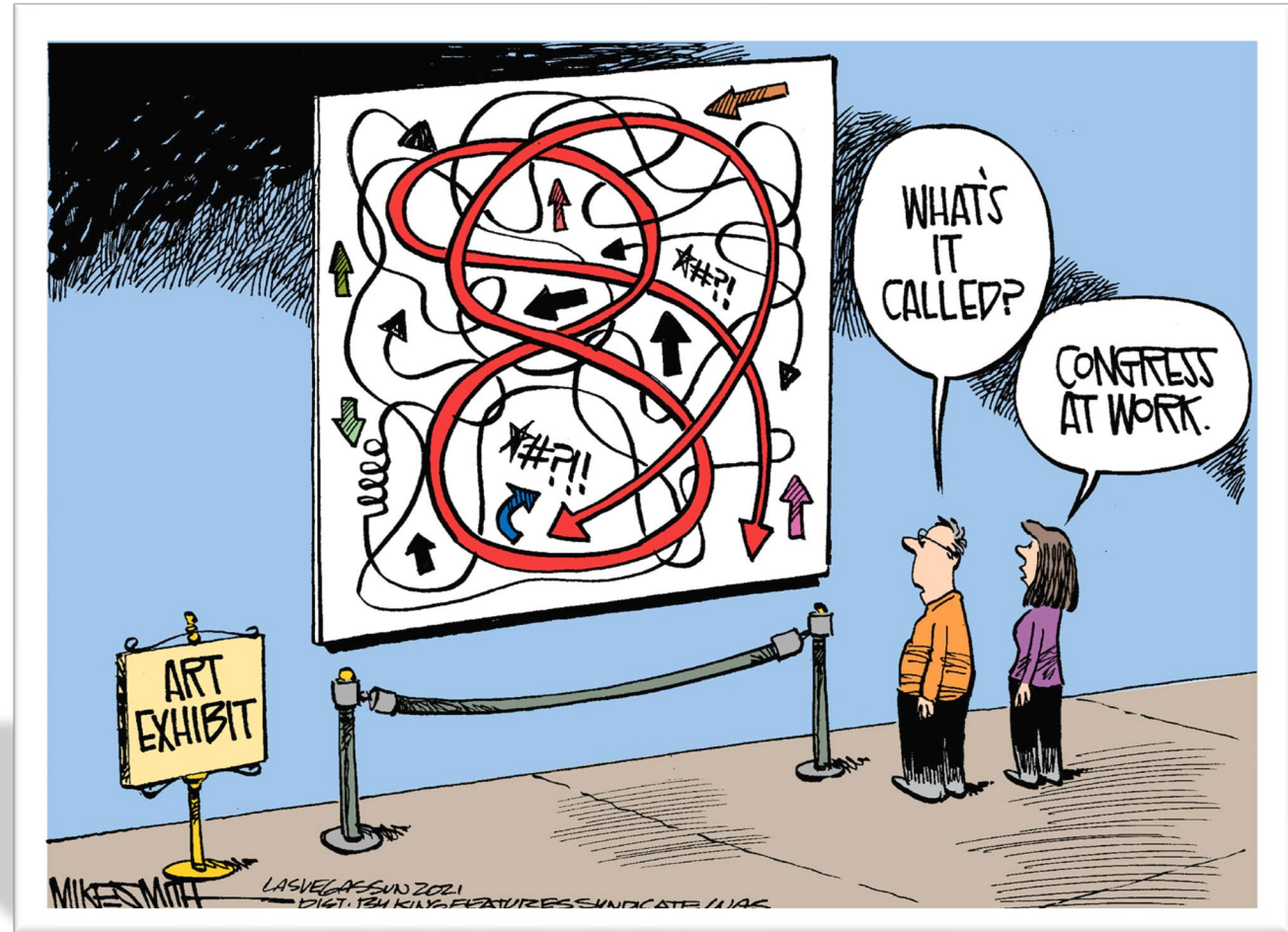


Where We've Been

118th Congress...by the numbers



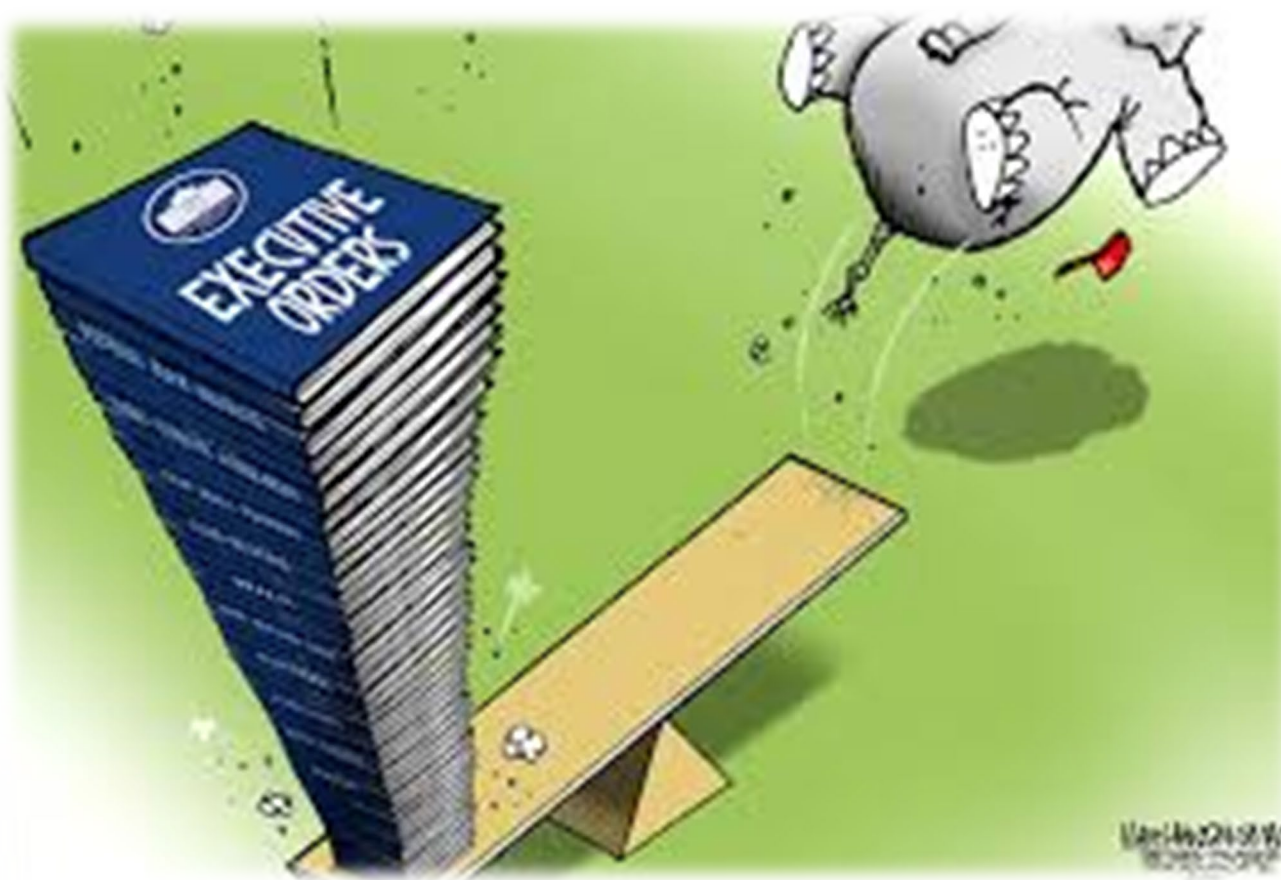
- 3 speakers of the House
- 9 attempts to impeach Biden Administration officials
- 4 continuing resolutions
- 1 lawmaker removed from office
- 2 indicted while in office
- 315 bills passed or agreed to by both chambers (< 2% of total introduced)





Where We Are Now

The Week in Review



Executive Orders on Day 1, including but not limited to:

- Jan. 6 pardons
- Border emergency
- Energy emergency
- Ending birthright citizenship
- TikTok
- IJJA/IRA Implementation “pause”
- RTO

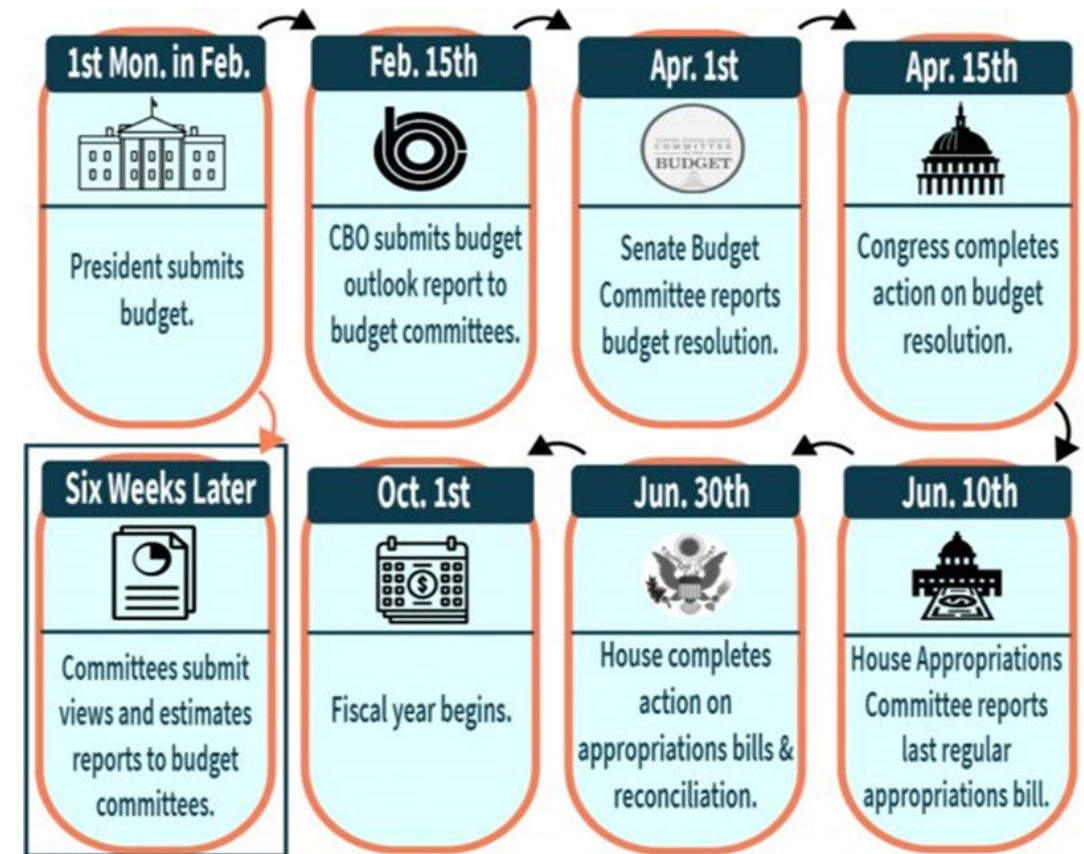


Where We Are We Going

Big Picture – Budget Appropriations Process



- Process established in 1974
- Timeline rarely met
- Continuing resolutions (CR) and omnibus bills tend to be the norm
- Impact on federal funding
- Current House dynamics and overall political climate = tough road



Authorization v. Appropriation



Authorization = Writing the law

- Establishes a framework, e.g. what should a program do, where it should be located
- Essentially authorizes federal government to do something, i.e. can spend the money on a specific purpose if it chooses
- Advance appropriation sometimes included, think IJJA

Appropriation = cutting the check

- Any federal agency or program needs language in appropriations bill to get funding
- Can modify policy as well through appropriations process

What are the appropriations bills?



Agriculture, Rural Development, FDA, and Related Agencies

Financial Services and General Government

Legislative Branch

Commerce, Justice, Science, and Related Agencies

Homeland Security

Military Construction, Veterans Affairs, and Related Agencies

Defense

Interior, Environment, and Related Agencies

State, Foreign Operations, and Related Programs

Energy and Water Development, and Related Agencies

Labor, Health and Human Services, Education, and Related Agencies

Transportation, Housing and Urban Development, and Related Agencies

The Fiscal Levers



Spending or Saving

Mandatory

- Written into law, no annual approval required
- Program categories include:
 - Health (e.g., Medicare, Medicaid)
 - Social Security
 - Income Security (e.g., SNAP, SSI, unemployment)
 - Federal Retirement
- \$3.8T in 2023, \$2.2T of which is Social Security

Discretionary

- Determined on an annual basis by Congress and POTUS
- Defense spending accounts for nearly half
- Major activities that fall under appropriations process (homeland security, transportation, education, public housing, etc.)
- \$1.7T discretionary outlays by the federal government in 2023

Tax Expenditures or Tax Receipts

- Provisions of the tax code than can reduce how much a taxpayer owes – thereby reducing federal revenue
- Examples include special tax credits, deductions, exclusions, exemptions, deferrals, preferential tax rates
- Many tax expenditures operate like mandatory spending, i.e., not subject to annual review, eligibility rules and formulas that provide benefits

Other Budgetary Considerations (e.g., sequestration)



125 STAT. 240 PUBLIC LAW 112-25—AUG. 2, 2011

Public Law 112-25
112th Congress

Aug. 2, 2011
[S. 365]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) **SHORT TITLE.**—This Act may be cited as the “Budget Control Act of 2011”.

(b) **TABLE OF CONTENTS.**—The table of contents for this Act is as follows:

Sec. 1. Short title; table of contents.
Sec. 2. Severability.

TITLE I—TEN-YEAR DISCRETIONARY CAPS WITH SEQUESTER

Sec. 101. Enforcing discretionary spending limits.
Sec. 102. Definitions.
Sec. 103. Reports and orders.
Sec. 104. Expiration.
Sec. 105. Amendments to the Congressional Budget and Impoundment Control Act of 1974.
Sec. 106. Senate budget enforcement.

TITLE II—VOTE ON THE BALANCED BUDGET AMENDMENT

Sec. 201. Vote on the balanced budget amendment.
Sec. 202. Consideration by the other House.

TITLE III—DEBT CEILING DISAPPROVAL PROCESS

Sec. 301. Debt ceiling disapproval process.
Sec. 302. Enforcement of budget goal.

TITLE IV—JOINT SELECT COMMITTEE ON DEFICIT REDUCTION

Sec. 401. Establishment of Joint Select Committee.
Sec. 402. Expedited consideration of joint committee recommendations.
Sec. 403. Funding.
Sec. 404. Rulemaking.

TITLE V—PELL GRANT AND STUDENT LOAN PROGRAM CHANGES

Sec. 501. Federal Pell grants.
Sec. 502. Termination of authority to make interest subsidized loans to graduate and professional students.
Sec. 503. Termination of direct loan repayment incentives.
Sec. 504. Inapplicability of title IV negotiated rulemaking and master calendar expiration.

SEC. 2. SEVERABILITY.

If any provision of this Act, or any application of such provision to any person or circumstance, is held to be unconstitutional, the remainder of this Act and the application of this Act to any other person or circumstance shall not be affected.

2 USC 900 note.

Budget Control Act of 2011

124 STAT. 8 PUBLIC LAW 111-139—FEB. 12, 2010

Public Law 111-139
111th Congress

Feb. 12, 2010
[H.J. Res. 45]

Increasing the statutory limit on the public debt.

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (b) of section 3101 of title 31, United States Code, is amended by striking out the dollar limitation contained in such subsection and inserting in lieu thereof \$14,294,000,000,000.

TITLE I—STATUTORY PAY-AS-YOU-GO ACT OF 2010

SEC. 1. SHORT TITLE.

This title may be cited as the “Statutory Pay-As-You-Go Act of 2010”.

SEC. 2. PURPOSE.

The purpose of this title is to reestablish a statutory procedure to enforce a rule of budget neutrality on new revenue and direct spending legislation.

SEC. 3. DEFINITIONS AND APPLICATIONS.

As used in this title—

(1) The term “BBEDCA” means the Balanced Budget and Emergency Deficit Control Act of 1985.

(2) The definitions set forth in section 3 of the Congressional Budget and Impoundment Control Act of 1974 and in section 250 of BBEDCA shall apply to this title, except to the extent that they are specifically modified as follows:

(A) The term “outyear” means a fiscal year one or more years after the budget year.

(B) In section 250(c)(8)(C), the reference to the food stamp program shall be deemed to be a reference to the Supplemental Nutrition Assistance Program.

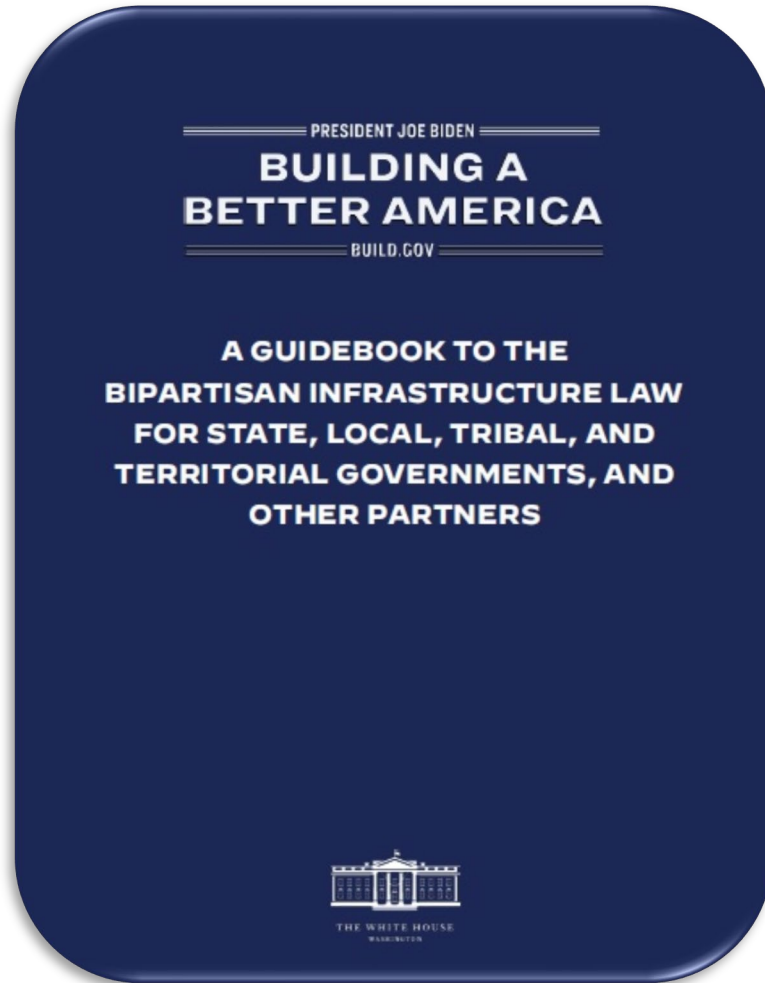
(3) The term “AMT” means the Alternative Minimum Tax for individuals under sections 55-59 of the Internal Revenue Code of 1986, the term “ECTERRA” means the Economic Growth and Tax Relief Reconciliation Act of 2001 (Public Law 107-16), and the term “JGTRRA” means the Jobs and Growth Tax Relief and Reconciliation Act of 2003 (Public Law 108-27).

(4)(A) The term “budgetary effects” means the amount by which PAYGO legislation changes outlays flowing from direct spending or revenues relative to the baseline and shall be

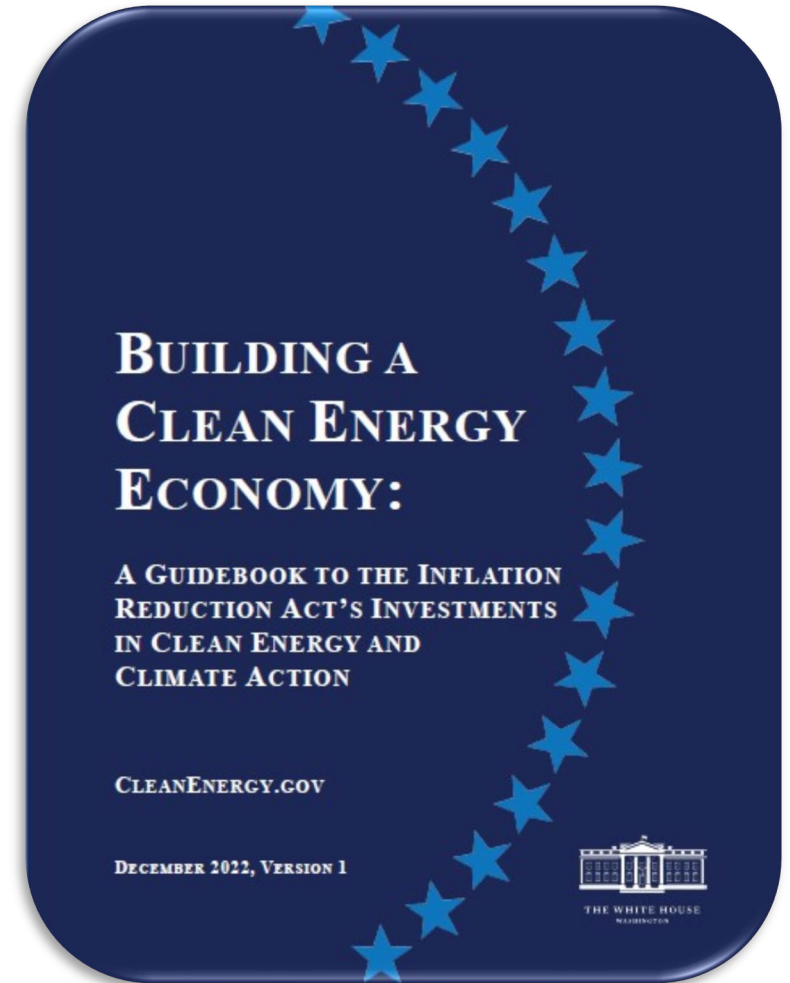
2 USC 601 note.
2 USC 601.
2 USC 602.

Pay-As-You-Go Act of 2010

Examples of Federal Support – IIJA, IRA



- Examples of massive infusion of federal support
- Multiple funding rounds possible
- Many programs are competitive, technical assistance required to navigate application
- Comes with requirements, e.g., reporting, specific metrics, timeframe

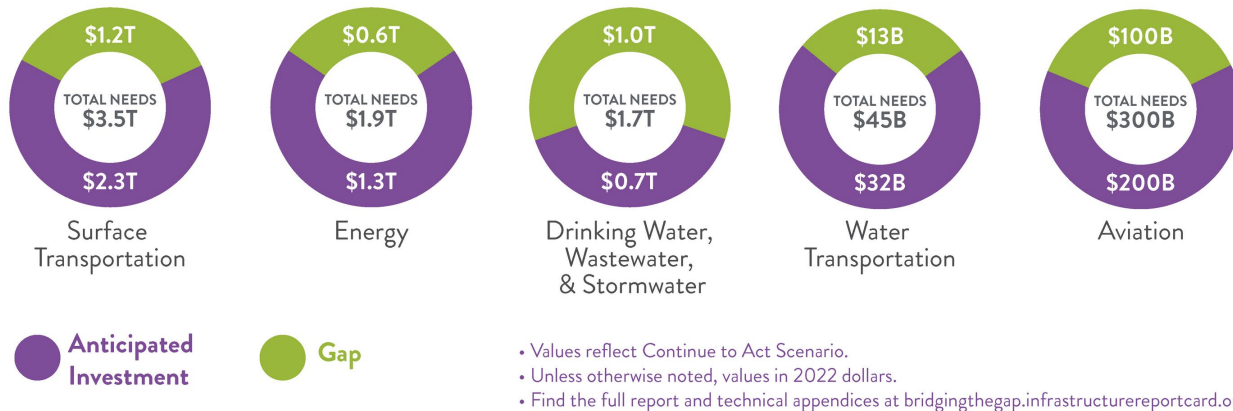


Big Picture - Infrastructure Needs



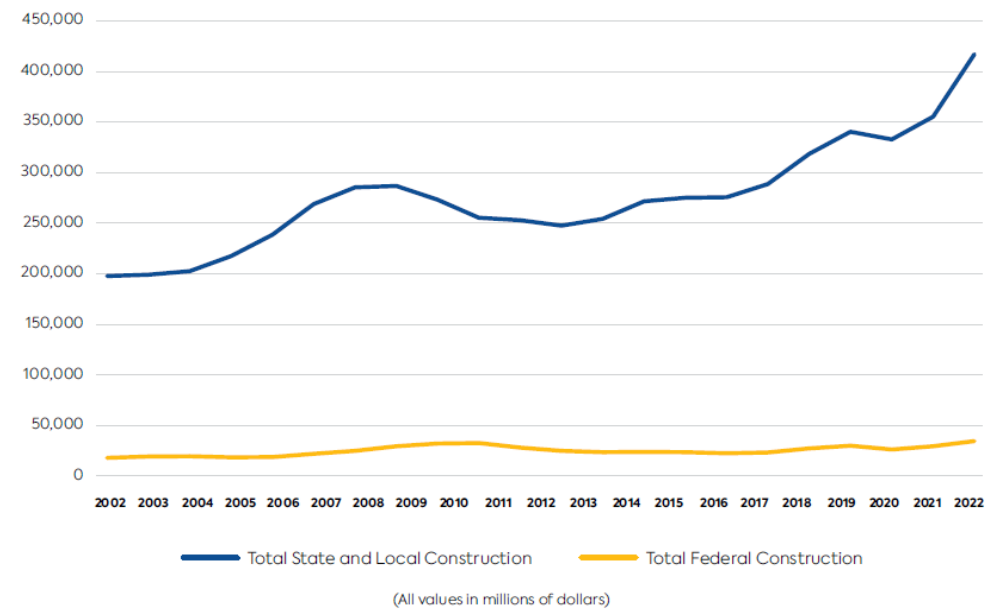
Where does America need investments in infrastructure?

The graphs below show additional investments needed to reach state of good repair in the next ten years.



Source: <https://bridgingthegap.infrastructurereportcard.org/>

Exhibit 6. Annual Value of Public Construction Put in Place 2002-2023



Source: https://www.census.gov/construction/c30/historical_data.html



Financing

Focus on Tax-exempt Municipal Bonds



- Part of the first U.S. tax code
- Well established financing tool
- Not the only federally supported financing option (e.g., HUD Section 108, TIFIA, WIFIA, etc.)
- Code-supported Private Activity Bonds: Stadiums, Housing, Colleges/Universities, Hospitals and other sponsored expanded uses like carbon capture

Form 1040, INCOME TAX, RETURN OF ANNUAL NET INCOME OF INDIVIDUALS. (FOR THE YEAR 1913, FROM MARCH 1, TO DECEMBER 31.)

TO BE FILLED IN BY COLLECTOR. TO BE FILLED IN BY INTERNAL REVENUE BUREAU.

List No. _____ File No. _____
District of _____ Assessment List _____
Date received _____ Page _____ Line _____

THE PENALTY FOR FAILURE TO HAVE THIS RETURN IN THE HANDS OF THE COLLECTOR OF INTERNAL REVENUE ON OR BEFORE MARCH 1 IS \$20 TO \$1,000. (SEE INSTRUCTIONS ON PAGE 4.)

UNITED STATES INTERNAL REVENUE.
RETURN OF ANNUAL NET INCOME OF INDIVIDUALS.
(As provided by Act of Congress, approved October 3, 1913.)
RETURN OF NET INCOME RECEIVED OR ACCRUED DURING THE YEAR ENDED DECEMBER 31, 1913.
(FOR THE YEAR 1913, FROM MARCH 1, TO DECEMBER 31.)

Filed by (or for) _____ of _____ (Street and No.)
(Full name of individual.)
in the City, Town, or Post Office of _____ State of _____
(Fill in page 3 and 3 before making entries below.)

1. GROSS INCOME (see page 2, line 12)	\$				
2. GENERAL DEDUCTIONS (see page 3, line 7)	\$				
3. NET INCOME	\$				
Deductions and exemptions allowed in computing income subject to the normal tax of 1 per cent.					
4. Dividends and net earnings received or accrued, of corporations, etc., subject to like tax. (See page 2, line 11)	\$				
5. Amount of income on which the normal tax has been deducted and withheld at the source. (See page 2, line 9, column A)					
6. Specific exemption of \$3,000 or \$4,000, as the case may be. (See Instructions 3 and 19)					
Total deductions and exemptions. (Items 4, 5, and 6)	\$				
7. TAXABLE INCOME on which the normal tax of 1 per cent is to be calculated. (See Instruction 3)	\$				

8. When the net income shown above on line 3 exceeds \$20,000, the additional tax thereon must be calculated as per schedule below:

	INCOME	TAX
1 per cent on amount over \$20,000 and not exceeding \$50,000	\$	\$
2 " " 50,000 " " 75,000		
3 " " 75,000 " " 100,000		
4 " " 100,000 " " 250,000		
5 " " 250,000 " " 500,000		
6 " " 500,000		
Total additional or super tax		\$
Total normal tax (1 per cent of amount entered on line 7)		\$
Total tax liability		\$

General State of Play



- Trump and Republicans generally want to extend, and potentially expand, 2017 Tax Cuts and Jobs Act
 - Consider significant tariffs on goods to enhance domestic manufacturing
 - Potential repeal of SALT Cap
 - Expanded Child Tax Credits

131 STAT. 2054 PUBLIC LAW 115-97—DEC. 22, 2017

Public Law 115-97
115th Congress

An Act
To provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018.

Dec. 22, 2017
[H.R. 1]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I

SECTION 11000. SHORT TITLE, ETC.

(a) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this title an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

Subtitle A—Individual Tax Reform

PART I—TAX RATE REFORM

SEC. 11001. MODIFICATION OF RATES.

(a) IN GENERAL.—Section 1 is amended by adding at the end the following new subsection:

“(j) MODIFICATIONS FOR TAXABLE YEARS 2018 THROUGH 2025.—

“(1) IN GENERAL.—In the case of a taxable year beginning after December 31, 2017, and before January 1, 2026—

“(A) subsection (i) shall not apply, and

“(B) this section (other than subsection (i)) shall be applied as provided in paragraphs (2) through (6).

“(2) RATE TABLES.—

“(A) MARRIED INDIVIDUALS FILING JOINT RETURNS AND SURVIVING SPOUSES.—The following table shall be applied in lieu of the table contained in subsection (a):

“If taxable income is:	The tax is:
Not over \$19,050	10% of taxable income.
Over \$19,050 but not over \$77,400	\$1,905, plus 12% of the excess over \$19,050.
Over \$77,400 but not over \$165,000	\$8,907, plus 22% of the excess over \$77,400.
Over \$165,000 but not over \$315,000	\$28,179, plus 24% of the excess over \$165,000.
Over \$315,000 but not over \$400,000	\$64,179, plus 32% of the excess over \$315,000.

What's the Same / What's Different



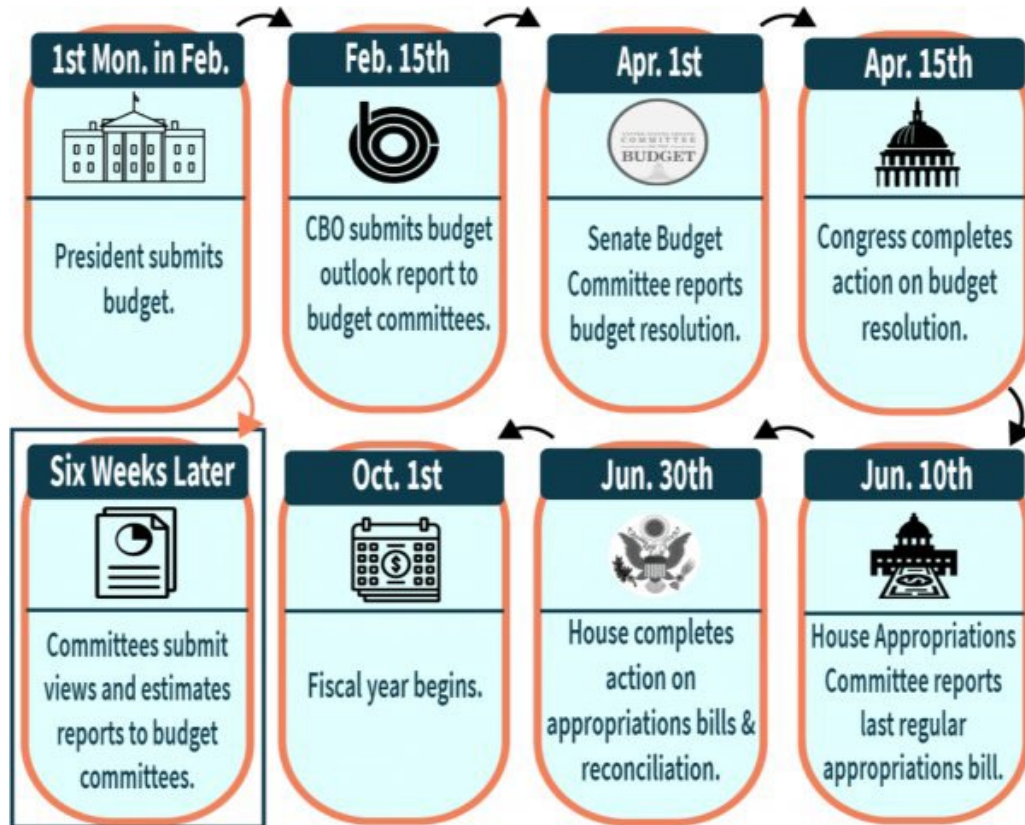
Same as 2017

- Tax reform
- All Republicans
- Similar objectives
- Short time frame
- Reconciliation process

Different than 2017

- Post-COVID deficit \$35T
- IRA/IIJA/ARPA legacy effects
- We have the blueprint
- Prepared for timeframe

Budget Process - Reconciliation



- Instructions included in both chambers' budget resolutions
- Allows for simple majority vote (avoiding Senate filibuster)
- Byrd rule prohibits including a matter unrelated to deficit reduction goals ("extraneous"), for example:
 - Does not produce change in outlays or revenues
 - Produces change in outlays/revenues that is merely incidental
 - Increases deficit for FY beyond budget window of reconciliation bill
- Senate vote-a-rama

What is the Formula



Sunset 2017 Tax Cuts and Jobs Act TCJA

++Tax expenditures such as reduction of Corporate Minimum Tax (CMT) threshold

++Tax expenditures such as the Child Tax Credit (CTC)

++ among other things

-Revenue raisers of tax expenditures such as State and Local Tax (SALT) deduction threshold, Advance Refunding and Tax Exemption

-Revenue raisers such as clawbacks of unobligated stimulus funds

-Revenue raisers such as Inflation Reduction Act?

=Total \$1.5T tax bill in 2017

=2025 projections are \$4.3T tax bill

What's Set to Expire?



Individual Rates

- Marginal tax rates for individuals will revert to pre-2017 levels, including maximum rates of 39.6% from 37%
- Standard deduction amounts will be lower by almost half and adjusted for inflation

SALT Deduction

- The \$10,000 cap on state and local tax deductions will no longer apply

Business Provisions

- Bonus depreciation – which allows immediate deduction for capital investments (phases out after 2026)
- Pass-through businesses will no longer be able to deduct up to 20% of qualified income

Child Tax Credit

- Maximum credit will drop to \$1,000 per child, from \$2,000
- Phaseout threshold will decrease to \$75,000 for individuals and \$110,000 for married couples

Estate and Gift Taxes

- Exemption from estate and gift taxes reverts to pre-2017 level of around \$5 million, adjusted for inflation
- The 2024 exemption is \$13.6 million

Paid Family and Medical Leave Credit

- Credit for employers who provide up to 12 weeks of paid family and medical leave per employee expires

Paying for the Bill - Options



- Tax Expenditures – Provisions of the tax code (e.g., special tax credits, deductions, exclusions, exemptions)



- Previously enacted spending – Clawback of “Unobligated” grant funding (e.g., SLFRF, IIJA)



- Mandatory spending – Entitlement programs like Medicare, SSI, but not Social Security (Byrd rule restriction),

Top 10 Mandatory Spending by the Fed Govt

- Social Security, Unemployment, and Labor
- Medicare
- Medicaid & Other Health Programs (Children's Health Insurance Program and others)
- Income Security Programs (Earned Income Tax Credit, Supplemental Security Income, SNAP, Child Nutrition, etc.)
- Education (Student Loan Programs and others)
- Federal Civilian and Military Benefits
- Certain Veterans' programs
- Other Programs (Agricultural subsidies, deposit insurance, etc)
- Housing & Community Development
- **2019: \$2.7T, 2020: \$4.6T, 2021: \$4.8T, 2022: \$4.1T and 2023: \$3.8T**

Sources:

Congressional Budget Office, [A Closer Look at Mandatory Spending](#) (2022)

Congressional Budget Office, [A Closer Look at Mandatory Spending](#) (2023)

Peter G. Peterson Foundation, [Understanding the Federal Budget](#)



Better to have a seat at the table than be on the menu....



Eliminate Exclusion of Interest on State and Local Bonds

Interest earned on municipal bonds is currently excluded from taxable income. This option would end the exclusion, making income from municipal bond interest taxable.

- This option would lower the cap on the home mortgage interest deduction from the TCJA level of \$750k to \$500k. This is a Tax Foundation score.

Eliminate Nonprofit Status for Hospitals

\$260 billion in 10-year savings

VIABILITY: HIGH / MEDIUM / LOW

- More than half of all income by 501(c)(3) nonprofits is generated by nonprofit hospitals and healthcare firms. This option would tax hospitals as ordinary for-profit businesses. This is a CRFB score.

Eliminate Exclusion of Interest on State and Local Bonds

\$250 billion in 10-year savings

VIABILITY: HIGH / MEDIUM / LOW

- Interest earned on municipal bonds is currently excluded from taxable income. This option would end the exclusion, making income from municipal bond interest taxable.

End Tax Preferences for Other Bonds

\$114 billion in 10-year savings

VIABILITY: HIGH / MEDIUM / LOW

- This option would eliminate the exclusion of interest earned on private activity bonds, Build America bonds, and other non-municipal bonds.

Eliminate Head of Household Filing Status

\$192 billion in 10-year savings

VIABILITY: HIGH / MEDIUM / LOW

- The Head of Household filing status provides a larger standard deduction for unmarried individuals who have children. This option would eliminate the Head of Household filing status.

Eliminate the American Opportunity Credit

\$59 billion in 10-year savings

VIABILITY: HIGH / MEDIUM / LOW

- The American opportunity tax credit (AOTC) is a credit for qualified education expenses paid for an eligible student for the first four years of higher education.

Top 10 Tax Expenditures of the Fed Govt



- Retirement plans and IRAs – defined benefit and defined contribution (385)
- Health – ESI insurance exclusion (309)
- Capital Gains (300)
- Child Tax Credit (122)
- Earned Income Credit (74)
- Home – mortgage interest deduction (63)
- Business Income (58)
- Active Foreign income (52)
- Charitable Donations (45)
- Tax-exempt Municipal Bonds (30)

To note: this number was reached by adding up and coupling related items (so pensions, capital gains, homes, etc). State and Local Tax Deduction is valued at (22) per year

Sources:

[Estimates of Federal Tax Expenditures for Fiscal Years 2023-2027](#): Joint Committee on Taxation The list of federal tax expenditures are ordered by Code section starting on page 29

[Tax Expenditures and the Budget, Explained](#): Bipartisan Policy Center (2024)

"one big, beautiful bill"



- House Republicans, Mike Johnson and President-Elect Trump
 - A single reconciliation for THIS budget – climate, immigration and tax reform/TCJA expiration
 - To be addressed January 2025
- Senate Majority Leader Thune
 - Two separate bills
 - First tackle climate and immigration...to be addressed January 2025
 - Second tackle tax reform/TCJA expiration...to be addressed in the second budget, September 2025

Calls to Eliminate the Tax Exemption of Munis



- May 2024 report, “[Five Rules for Fiscally Responsible, Pro-Growth Tax Reform](#)” the **Heritage Foundation** calls the exemption for tax exempt bonds “ripe for repeal.” Heritage argues that tax-exempt municipal bonds are **crowding out private borrowers** and that repeal would “boost the private economy and enable companies to invest more in things such as new factory equipment, product research, and other initiatives that expand worker productivity, wages, and consumer choice.”
- Likewise, as part of a collected set of proposals in “[Solutions Initiative 2024: Charting a Brighter Future](#),” the conservative **American Enterprise Institute** **calls for repeal** as does the more liberal **Progressive Policy Institute**, the latter arguing that “most of the benefits from these tax breaks are **captured by higher earners rather than by the state and local governments** they are supposed to support.”
- **CATO Institute** has noted on several occasions the **inefficiency of the tax exemption**. In particular, “Municipal bond tax exemption. Interest on state and local government bonds is tax-free under the income tax, which is a **benefit slanted toward high earners**. Repealing the exemption would reduce deficits by about \$40 billion a year and improve investment efficiency.”

We’ve seen this before...

- Among deficit reduction recommendation made in [2010 National Commission on Fiscal Responsibility and Reform](#) was to tax interest on newly issued state and municipal bonds.
- Obama Administration proposed 28% cap to limit certain tax benefits, including exemption for municipal bonds

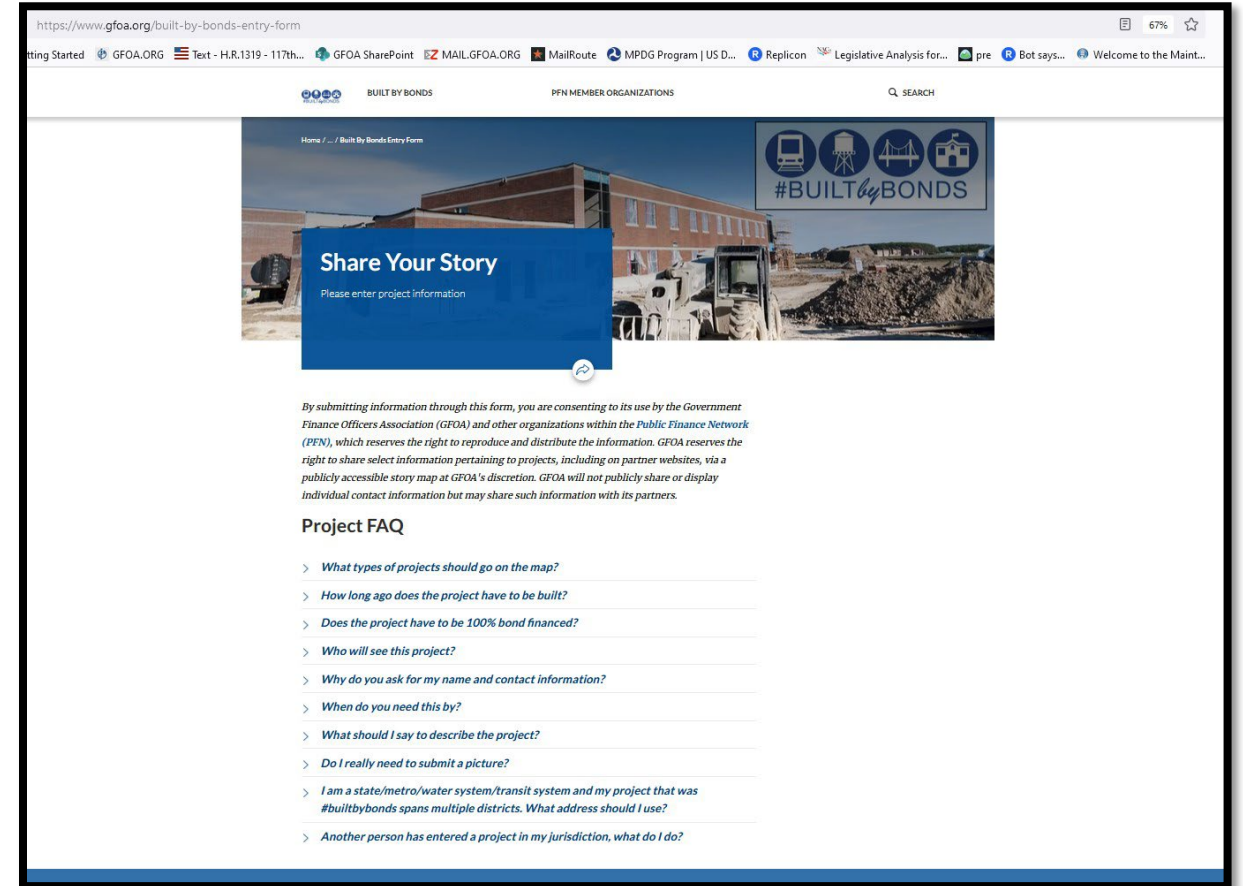


Preparing for the tax bill debate

Prong 1: Storyboarding at builtbybonds.com



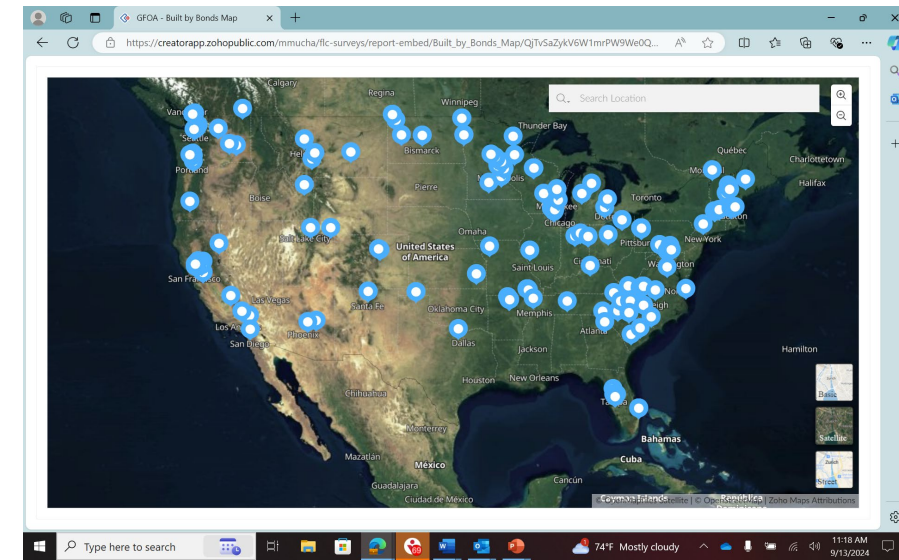
- Title of project
- Project type (public gas, multifamily housing, general obligation)
- Address/Location of project
- 2-4 sentences about:
 - the importance of the project
 - how the tax-exemption made this project a reality
 - the impact to the project if it were financed at taxable rates
- Address/Location of project



ENTER YOUR PROJECT HERE!

- See the projects submitted here: [GFOA - Built by Bonds Map](https://zohopublic.com/GFOA-Built-by-Bonds-Map) (zohopublic.com)
- Enter your projects here: [Built By Bonds Entry Form](https://gfoa.org/Built-By-Bonds-Entry-Form) (gfoa.org)

U.S. House Washington District 1	Suzan DelBene	Democratic			
U.S. House Washington District 2	Rick Larsen	Democratic	Yes	Expanded Library	\$2,300,723
U.S. House Washington District 3	Marie Gluesenkamp Pérez	Democratic	Yes	Public Service Center	\$22,400,000
U.S. House Washington District 4	Dan Newhouse	Republican	Yes	High School	\$185,000,000
U.S. House Washington District 5	Cathy McMorris Rodgers	Republican			
U.S. House Washington District 6	Derek Kilmer	Democratic	Yes	Justice Center Renovations	\$50,000,000
U.S. House Washington District 7	Pramila Jayapal	Democratic			
U.S. House Washington District 8	Kim Schrier	Democratic	Yes	Water Main Replacement	\$3,775,000
U.S. House Washington District 9	D. Adam Smith	Democratic	Yes	Public Works Maintenance Facility	\$53,000,000
U.S. House Washington District 10	Marilyn Strickland	Democratic	Yes	Waste Water Treatment Facility	\$300,000,000

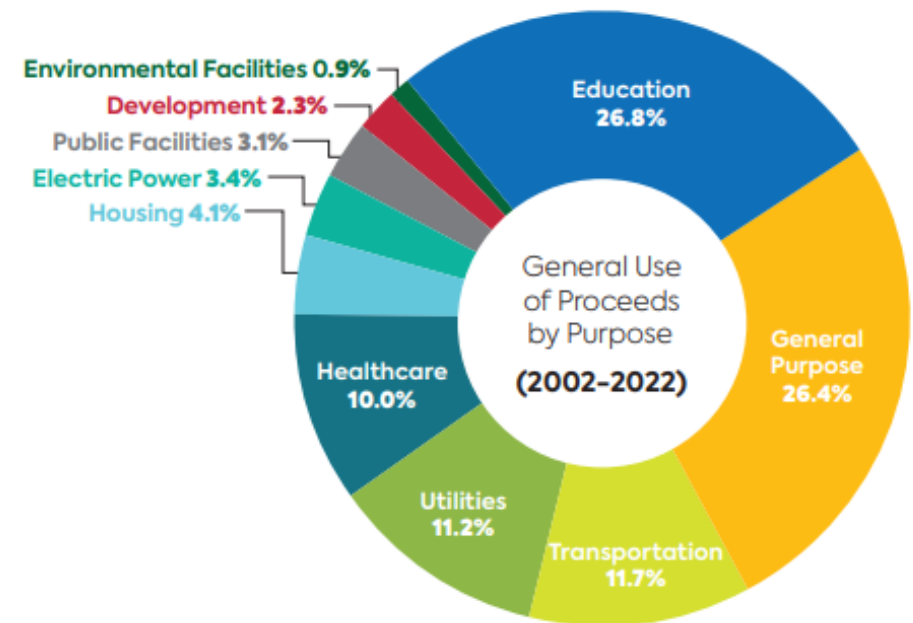


Prong 2: Market Data

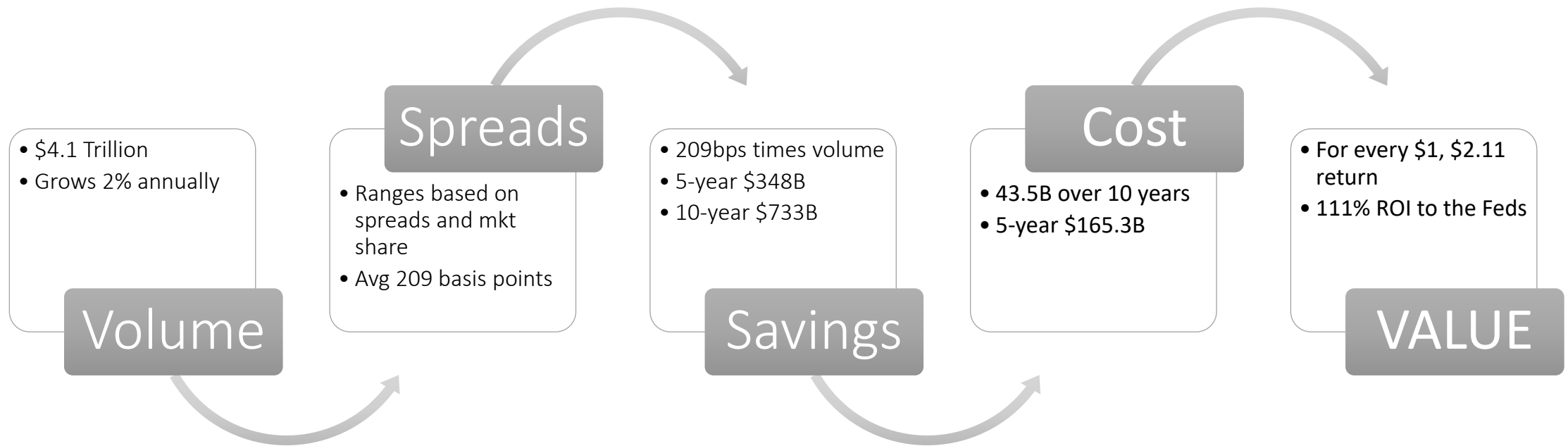


- GO issuance
- Real effects of the loss of Advance Refunding
- Private Activity Bonds volume and caps
- Effect on taxpayers in the event of a ceiling or clawback
- Effect on Corporations of higher tax thresholds

Exhibit 2. Projects funded by bonds by type and five year average



Prong 2: Market Data





Inflation Reduction Act

GFOA IRA Implementation Page



The screenshot shows the GFOA website's navigation bar with links for Member Communities, Learning Dashboard, Events, Materials Library, Login, and Sign Up. Below the navigation is a main header with the GFOA logo and menu items: Membership & Education, Best Practices & Resources, Advocacy & Awards Programs, I Want To, and Search. The main content area features a large image of a solar panel array on a roof at dusk. A blue overlay on the image contains the title "Inflation Reduction Act (IRA) Implementation Resources". Below the image is a paragraph of introductory text. A yellow horizontal bar highlights the "IRA Overview" section, followed by a paragraph of text. A blue horizontal bar highlights the "Climate and Energy Provisions" section, followed by another paragraph of text.

Home / Federal Advocacy / Inflation Reduction Act (IRA) Implementation Resources

Inflation Reduction Act (IRA) Implementation Resources

The GFOA Federal Liaison Center will monitor program implementation and update resources as needed in the sections below. PLEASE NOTE: Federal resources are generally at various stages of agency development; we will strive to post updates when available.

IRA Overview

On August 16, 2022, President Biden signed the Inflation Reduction Act (IRA) into law. Although the final version signed into law was a smaller, pared down version of what was initially proposed as the Administration's Build Back Better Act, the IRA still provided significant investments in three areas - climate and energy, healthcare, and tax reform.

Climate and Energy Provisions

The IRA expands, extends and establishes new tax incentives to advance the development and deployment of clean energy. Further, the IRA extends these incentives to entities that generally do not benefit from income tax credits, such as state, local, and Tribal governments and other tax-exempt entities. The law does this through a direct-pay mechanism so that these entities may be able to directly access many of the incentives.



Clean Energy Tax Incentives: Elective Pay Eligible Tax Credits

The Inflation Reduction Act of 2022 (IRA) makes several clean energy tax credits available to businesses, tax-exempt organizations, state, local, and tribal governments; other entities; and individuals. The IRA also enables entities to take advantage of certain clean energy tax credits through its elective pay provision (also colloquially known as direct pay). Elective pay allows several types of entities, such as tax-exempts and governments, to treat the amount of certain credits as a payment against tax on their tax returns and as a result receive direct payments for certain clean energy tax credits.

	Tax Provision	Description
Energy Generation & Carbon Capture	Production Tax Credit for Electricity from Renewables (§ 45, pre-2025)	For production of electricity from eligible renewable sources, including wind, biomass, geothermal, solar, small irrigation, landfill and trash, hydropower, marine and hydrokinetic energy. Credit Amount (for 2022): 0.55 cents/kilowatt (kW); (1/2 rate for electricity produced from open loop biomass, landfill gas, and trash); 2.75 cents/kW if Prevailing Wage and Apprenticeship (PWA) rules are met ^{1,2,3,7}
	Clean Electricity Production Tax Credit (§ 45V, 2025 onwards)	Technology-neutral tax credit for production of clean electricity. Replaces § 45 for facilities that begin construction and are placed in service after 2024. Credit Amount: Starts in 2025, consistent with credit amounts under section 45 ^{1,2,3,7}
	Investment Tax Credit for Energy Property (§ 48, pre-2025)	For investment in renewable energy projects including fuel cell, solar, geothermal, small wind, energy storage, biogas, microgrid controllers, and combined heat and power properties Credit Amount: 6% of qualified investment (basis); 30% if PWA requirements met ^{1,4,5,6,8}
	Clean Electricity Investment Tax Credit (§ 48E, 2025 onwards)	Technology-neutral tax credit for investment in facilities that generate clean electricity and qualified energy storage technologies. Replaces § 48 for facilities that begin construction and are placed in service after 2024 Credit Amount: 6% of qualified investment (basis); 30% if PWA requirements met ^{1,4,5,6}
	Low-Income Communities Bonus Credit (§ 48(e), 48E(h)) Application required	Additional investment tax credit for small-scale solar and wind (§ 48(e)) or clean electricity (§48E(h)) facilities (<5MW net output) on Indian land, federally subsidized housing, in low-income communities, and benefit low-income households. Allocated through an application process. Credit Amount: 10 or 20 percentage point increase on base investment tax credit ⁷
	Credit for Carbon Oxide Sequestration (§ 45Q)	Credit for carbon dioxide sequestration coupled with permitted end uses in the United States. Credit Amount: \$12-36 per metric ton of qualified carbon oxide captured and sequestered, used as a tertiary injectant, or used, depending on the specified end use; \$60-\$180 per metric ton if PWA requirements met. ^{1,7}
	Zero-Emission Nuclear Power Production Credit (§ 45U)	For electricity from nuclear power facilities. Facilities in operation prior to August 16, 2022. Credit Amount (for 2023): 0.3 cents/kWh (reduced rate for larger facilities); 1.5 cent/kWh if PW req's met ^{1,7}
Manufacturing	Advanced Energy Project Credit (§ 48C) Application required	For investments in advanced energy projects. A total of \$10 billion will be allocated, not less than \$4 billion of which will be allocated to projects in certain energy communities. Credit Amount: 6% of taxpayer's qualified investment; 30% if PWA requirements are met ¹
	Advanced Manufacturing Production Credit (§ 45X)	Production tax credit for domestic clean energy manufacturing of components including solar and wind energy, inverters, battery components, and critical materials. Credit Amount: Varies by component
Vehicles	Credit for Qualified Commercial Clean Vehicles (§ 45W)	For purchasers of commercial clean vehicles. Qualifying vehicles include passenger vehicles, buses, ambulances, and certain other vehicles for use on public streets, roads, and highways. Credit Amount: Up to \$40,000 (max \$7,500 for vehicles <14,000 lbs) ⁸
	Alternative Fuel Vehicle Refueling Property Credit (§ 30C)	For alternative fuel vehicle refueling and charging property, located in low-income and non-urban areas. Qualified fuels include electricity, ethanol, natural gas, hydrogen, and biodiesel. Credit Amount: 6% of basis for businesses and can increase to 30% if PWA is met.
Fuels	Clean Hydrogen Production Tax Credit (§ 45V)	For producing clean hydrogen at a qualified, U.S.-based clean hydrogen production facility. Credit Amount: \$0.60/kg multiplied by the applicable percentage (20% to 100%, depending on lifecycle greenhouse gas emissions), amount increases if PWA is met ^{1,7}
	Clean Fuel Production Credit (§ 45Z, 2025 onwards)	Technology neutral tax credit for domestic production of clean transportation fuels, including sustainable aviation fuels, beginning in 2025 ⁹ Credit Amount: \$0.20/gallon (\$0.35/gal for aviation fuel) multiplied by CO2 "emissions factor"; \$1.00/gallon (\$1.75/gal for aviation fuel) multiplied by CO2 "emissions factor" if PWA is met ^{1,7}

Please see the notes on the next page or see [IRS.gov/cleanenergy](https://www.irs.gov/cleanenergy) for more information.



The background features a large, faint, light blue watermark of the FDIC logo, which consists of a stylized 'F' and 'D' intertwined within a circular border. The text 'The FDTA' is centered in the middle of the image in a bold, white, sans-serif font.

The FDTA

GFOA FDTA Implementation Page



MEMBER COMMUNITIES | LEARNING DASHBOARD | EVENTS | MATERIALS LIBRARY | LOGIN | SIGN UP

MEMBERSHIP & EDUCATION | BEST PRACTICES & RESOURCES | ADVOCACY & AWARDS PROGRAMS | I WANT TO | SEARCH

Home / Federal Advocacy / Financial Data Transparency Act (FDTA) Implementation

Financial Data Transparency Act (FDTA) Implementation

LATEST UPDATE

First of two FDTA Proposed Regulations Open for Comments - GFOA urges members to weigh in!

Comment Deadline: October 21, 2024

On August 22, 2024, a consortium of seven federal agencies released the first of two Proposed Rules related to the Financial Data Transparency Act (FDTA).

This first Proposed Rule seeks to establish general guidelines for additional regulations that each of the seven agencies (referred to in this alert as "Agencies") will develop for their sectors. It is important to note, that this Proposed Rule DOES NOT establish or impose any new standards or data submission requirements on reporting entities. Therefore, reporting entities should not take any action to implement any of the proposals, as this Rule is not final. Any possible new structured data standards for issuer financial information and disclosures submitted to the MSRB's EMMA system remains at least two years away.

However, it is vital for GFOA and its members to respond to this first Proposed Rule. Members should utilize the Action Center below to submit comments.



ACTION CENTER

Comment on the Proposed Rules on Financial Data Transparency Act

Currently, the first of two proposed rules related to implementation of the Financial Data Transparency Act (FDTA) is open for public comment. The

Compose Your Message

• SEC (+)

FDTA Refresher – Data Standards Sec. 101



- “(1) COMMON IDENTIFIERS; QUALITY.—The data standards established in the final rules under subsection (b) shall—
- “(A) include common identifiers for collections of information reported to covered agencies or collected on behalf of the Council, which shall include a common nonproprietary **legal entity identifier** that is available under an open license for all entities required to report to covered agencies; and
- “(B) **to the extent practicable**—
 - “(i) render data **fully searchable and machine-readable**;
 - “(ii) enable **high quality data through schemas**, with accompanying metadata documented in machine-readable taxonomy or ontology models, which clearly define the semantic meaning of the data, as defined by the underlying regulatory information collection requirements;
 - “(iii) ensure that a data element or data asset that **exists to satisfy an underlying regulatory information collection requirement** be consistently identified as such in associated machine-readable metadata;
 - “(iv) be **nonproprietary** or made available under an **open license**;

5
1 “(e) DATA STANDARDS.—
2 “(1) COMMON IDENTIFIERS; QUALITY.—The
3 data standards established in the final rules promul-
4 gated under subsection (b) shall—
5 “(A) include common identifiers for collec-
6 tions of information reported to covered agen-
7 cies or collected on behalf of the Council, which
8 shall include a common nonproprietary legal en-
9 tity identifier that is available under an open li-
10 cense for all entities required to report to cov-
11 ered agencies; and
12 “(B) to the extent practicable—
13 “(i) render data fully searchable and
14 machine-readable;
15 “(ii) enable high quality data through
16 schemas, with accompanying metadata
17 documented in machine-readable taxonomy
18 or ontology models, which clearly define
19 the semantic meaning of the data, as de-
20 fined by the underlying regulatory informa-
21 tion collection requirements;
22 “(iii) ensure that a data element or
23 data asset that exists to satisfy an under-
24 lying regulatory information collection re-
25 quirement be consistently identified as

FDTA Refresher – Municipal Securities Sec. 203



- ‘(8)(A) The Commission shall adopt data standards for information submitted to the Board.
- “(B) Any data standards adopted under subparagraph (A) shall incorporate, and **ensure compatibility with (to the extent feasible)**, all applicable data standards established in the rules promulgated under section 124 of the Financial Stability Act of 2010...
 - (C) The Commission **shall consult market participants** in establishing data standards under subparagraph (A)....
 - (b) RULEMAKING.—
 - (1) IN GENERAL.—Not later than **2 years after the date** on which final rules are promulgated ... as added by section 5811(a) of this title, the **Securities and Exchange Commission shall issue rules to adopt the data standards** required ...
 - (2) **SCALING OF REGULATORY REQUIREMENTS; MINIMIZING DISRUPTION.**—(the SEC shall...)
 - (A) may **scale those data standards** in order to reduce any unjustified burden on smaller regulated entities; and
 - (B) shall seek to **minimize disruptive changes** to the persons affected by those rules.

3 SEC. 203. DATA TRANSPARENCY AT THE MUNICIPAL SECURITIES RULEMAKING BOARD.

4
5 (a) IN GENERAL.—Section 15B(b) of the Securities
6 Exchange Act of 1934 (15 U.S.C. 78o-4(b)) is amended
7 by adding at the end the following:

8 “(8)(A) If the Board establishes information systems
9 under paragraph (3), the Board shall adopt data stand-
10 ards for information submitted through those systems.

11 “(B) Any data standards adopted under subpara-
12 graph (A) shall incorporate, and ensure compatibility with
13 (to the extent feasible), all applicable data standards es-
14 tablished in the rules promulgated under section 124 of
15 the Financial Stability Act of 2010, including, to the ex-
16 tent practicable, by having the characteristics described in
17 clauses (i) through (vi) of subsection (c)(1)(B) of such sec-
18 tion 124.”.

19 (b) RULEMAKING.—

20 (1) IN GENERAL.—Not later than 2 years after
21 the date on which final rules are promulgated under
22 section 124(b) of the Financial Stability Act of
23 2010, as added by section 101(a) of this Act, the
24 Municipal Securities Rulemaking Board shall issue
25 rules to adopt the standards required under para-

Step 1: Maximize Focus on KEY TERMS



“To the Extent
Practicable”

“Scale for
Market
Participants”

“Minimizing
Market
Disruption”

Step 2: Calculate the Cost



- What will it cost to implement?
 - What will it cost to acquire any new software or technology?
 - What will it cost to reorient any systems in place (ERP)?
 - What will it cost to hire staff to learn and onboard?
 - What will it cost to hire a consultant to implement or to train?
 - What will it cost to remain compliant throughout?
 - What will it cost if you can't remain compliant?
 - What will it cost if you cannot access the municipal bond market?

Certification. Career. Community.



"Becoming a CPFO has given me an increased understanding and increased level of knowledge about local government finance that I would not have if I had not pursued the certification."

Micah Snead, CPFO, CGFO
Principal Financial Analyst
Greenville County, SC



"Going through the process has taught me to be determined, not to be afraid to ask questions and to network with my peers."

Chelsie Wilson, CPFO
Accountant II
Town of Davie, FL



"I hope to use the CPFO to advance my career in various areas of government finance and highly recommend the certification to anyone else interested in doing the same."

Audrey Danket, MPA, CPFO
Debt Analyst
Metropolitan Washington
Airports Authority



gfoa.org/cpfo



Valuable Networking Opportunities



Wherever you find yourself in your career journey, we encourage you to join to be inspired, gain support, and learn about the experiences of fellow finance professionals and how they approach their work.

Mental Model Makeover CHALLENGE

Public finance professionals often wish their audiences were better informed about public finance. Providing people with better mental models is a shortcut to help them become **better informed** and make **better decisions**.





GFOA

2025

WASHINGTON, DC



Save the Date
June 29–July 2

