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Tribes Can Monetize Carbon Tax Credits

By Mark Fogarty

Tribes looking to take advantage of the new tax credits in the recent Inflation Reduction Act (IRA), which included an increase in the credit for carbon dioxide removal, may benefit from a new policy divulged at a recent American Indian program funding webinar of the Office on Indian Energy Policy and Programs.

Tax credits to date have mostly benefited firms with tax liabilities. Members of the OIEPP, a unit of the Department of Energy, told attendees that tribes, which are tax exempt, can now benefit from these credits because

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they can elect to monetize the amounts of the credit.

Some \$270 billion of the \$369 billion in the IRA is in the form of tax incentives, the government officials said. In the arena of CDR, tax credit 45Q, which affects both CDR and carbon capture at source (CCS), has been increased.

Credits for direct air capture (DAC) would go from \$50 to \$180 per ton if the carbon is stored and from \$30 to \$150 if it is re-used as fuel or other engineered solutions.

Attendees also heard about a 2023 block grant funding all tribes are eligible for the Energy Efficiency and Conservation Block Grant Program.

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The bad news is, there isn't much money set aside for the 774 entities (tribes, Alaska Native Villages, and Alaska Native corporations).

Out of \$550 million, federal tribes are allocated less than two percent of that amount, or \$8.8 million.

Dividing \$8.8 million among 774 tribes and Alaska Native Villages would make an average of \$11,300 per grant. The IOEPP broke that down into 580 tribes, 182 Alaska Native villages, and 12 Alaska Native Corporations.

One of the 15 eligible activities for these block grants for tribes is "reduction and capture of methane and greenhouse gases."

State-recognized tribes must go into a competitive grant situation, vying for another \$8.8 million pot of money.

Pre-funding sheets must be turned in by April 28, 2023.

DOE officials, who included Andi Mirriss, Tomari Aoki, Cassandra Grimes, and Adam De Dent, also told attendees that two tribal NOFAs are deadlining in February, for a total of \$35 million for clean energy and powering buildings on tribal lands.

It also announced a Notice of Intent to offer \$50 million for clean energy technology deployment on tribal lands sometime in the spring.

