



CITY OF LA CROSSE

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LEGISLATION STAFF REPORT FOR COUNCIL

File ID	25-0172	Caption	Resolution to contract with Baker Tilly to help the City of La Crosse claim elective pay incentives and appropriate tax credits to fund climate action plan implementation.
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Staff/Department Responsible for Legislation

Lewis Kuhlman / Planning & Development

Requestor of Legislation

Climate Action Plan Steering Committee

Location, if applicable

Not applicable

Summary/Purpose

The purpose of this resolution is to approved a contract with BakerTilly to complete IRS forms required to qualify for elective pay incentives generated by the installation of solar photo voltaic (PV) arrays in 2024. For 2024, the incentive is set at 30% of the total costs, and there is a 10% bonus incentives for low-income communities. Elective pay was established under the Inflation Reduction Act and allows tax-exempt entities, including governments, to receive clean energy tax credits as direct cash payments from the IRS.

Background

The Common Council approved a fifth change order to the City's energy saving performance contract (ESPC) with Johnson Controls (JCI), which included the installation of solar PV arrays on the La Crosse Center, Fire Station No. 2, and Fire Station No. 3. Along with incentives provided by Focus on Energy and Xcel Energy, the savings generated by these projects will pay for itself over 20 years. Direct pay was not taken into consideration when financing the project.

Because changes in tax law cannot be made retroactive to tax years that have already closed, projects that have been placed in service during taxable years ending prior to the change in law will not lose eligibility for direct pay that were available as of the close of the applicable tax year.

Fiscal Impact

The fiscal impact would be a gain of at least \$140,750. The contract is for \$34,250 and the elective pay incentives are estimated to be over \$175,000. This incentive would reimburse the contract cost.

Staff Recommendation

Approval - the cost of the services will be covered by elective pay, and the remainder of the funds could help the City's implementation of its climate action plan, saving the City and its residents money through future projects.