

## Energy Community Bonus Credit Amounts or Rates Annual Statistical Area Category Update and Coal Closure Category Update

Notice 2025-31

### SECTION 1. PURPOSE

This notice publishes information that taxpayers may use to determine whether they meet certain requirements under the Statistical Area Category or the Coal Closure Category as described in sections 3.03 and 3.04 of Notice 2023-29<sup>1</sup> for purposes of qualifying for energy community bonus credit amounts or rates under §§ 45, 45Y, 48, and 48E of the Internal Revenue Code (Code).<sup>2</sup> This information is provided in Appendices 1, 2, 3, 4, and 5 of this notice. Appendices 1, 2, and 3 of this notice address the Statistical Area Category, and Appendices 4 and 5 of this notice address the Coal Closure Category. This notice does not provide information addressing the Brownfield Category as described in section 3.02 of Notice 2023-29. None of the appendices provided for purposes of energy community bonus credit amounts or rates are applicable for purposes of the qualifying advanced energy project credit determined under § 48C.

### SECTION 2. BACKGROUND

Public Law 117-169, 136 Stat. 1818 (August 16, 2022), commonly known as the Inflation Reduction Act of 2022 (IRA), amended §§ 45 and 48 to provide increased

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<sup>1</sup> Notice 2023-29, 2023-29 I.R.B. 1 (July 17, 2023), *clarified by* Notice 2023-45, 2023-29 I.R.B. 317 (July 17, 2023), and *modified by* Notice 2024-30, 2024-16 I.R.B. 878 (April 15, 2024).

<sup>2</sup> Unless otherwise specified, all “section” or “§” references are to sections of the Code.

credit amounts or rates if certain requirements pertaining to energy communities are satisfied with respect to a qualified facility or energy property placed in service after December 31, 2022. The IRA also enacted new §§ 45Y and 48E, which allow increased credit amounts or rates for certain qualified facilities and for § 48E, energy storage technologies, that satisfy similar requirements and are placed in service after December 31, 2024.

Sections 45(b)(11), 48(a)(14), 45Y(g)(7), and 48E(a)(3)(A) provide the requirements that taxpayers must satisfy to qualify EC Projects (as defined in section 2 of Notice 2023-29) for increased energy community bonus credit amounts or rates. Section 2 of Notice 2023-29 provides that the term “EC Project” refers to: (1) a qualified facility eligible for a credit determined under § 45 (§ 45 credit) or determined under § 45Y (§ 45Y credit) that is located in an energy community; (2) an energy project eligible for a credit determined under § 48 (§ 48 credit), which may include qualified property for which a taxpayer has made a valid irrevocable election under § 48(a)(5) to treat such qualified property as energy property under § 48, that is placed in service within an energy community; or (3) a qualified investment with respect to a qualified facility or an energy storage technology eligible for a credit determined under § 48E (§ 48E credit) that is placed in service within an energy community.

Section 45(b)(11)(A) provides that in the case of a qualified facility located in an energy community, the § 45 credit (determined after the application of § 45(b)(1) through (10)), without the application of § 45(b)(9) (domestic content bonus credit amount) is increased by 10 percent. Section 45Y(g)(7) provides a similar rule with respect to a qualified facility that is eligible for a § 45Y credit.

Section 48(a)(14) provides that in the case of an energy project placed in service within an energy community, the energy percentage used to determine the rate of the § 48 credit is increased by 2 percentage points. Section 48E(a)(3)(A) provides a similar rule for qualified investments with respect to a qualified facility or energy storage technology eligible for a § 48E credit that is placed in service within an energy community. In the case of a taxpayer also satisfying the prevailing wage and apprenticeship requirements (described in §§ 48(a)(10) and (11) and 48E(d)(3) and (4)) or meeting one of the other project requirements (described in §§ 48(a)(9)(B) and 48E(a)(2)(A)(ii) and (2)(B)(ii)), the rate of the § 48 credit or § 48E credit, as applicable, is increased by 10 percentage points.

Section 45(b)(11)(B) identifies three location-based categories of energy communities for purposes of §§ 45, 45Y, 48, and 48E, described in Notice 2023-29 as the Brownfield Category, the Statistical Area Category, and the Coal Closure Category. Notice 2023-29 contains three appendices (A, B, and C) that set forth certain metropolitan statistical areas (MSAs) or non-metropolitan statistical areas (non-MSAs) relevant to the Statistical Area Category and certain census tracts within the Coal Closure Category. Notice 2023-47<sup>3</sup> contains three appendices (1, 2, and 3) that update the information provided in the appendices to Notice 2023-29. Notice 2024-30 contains two appendices (1 and 2) that update the information provided in Appendix B to Notice 2023-29 and Appendices 1 and 2 to Notice 2023-47. Notice 2024-48<sup>4</sup> contains two appendices (1 and 2) that update the information provided in Appendix C to Notice

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<sup>3</sup> Notice 2023-47, 2023-29 I.R.B. 318 (July 17, 2023).

<sup>4</sup> Notice 2024-48, 2024-26 I.R.B. 1749 (June 24, 2024).

2023-29, Appendices 2 and 3 to Notice 2023-47, and Appendix 2 to Notice 2024-30.

### SECTION 3. ENERGY COMMUNITY APPENDICES

This notice provides new Appendices 1, 2, 3, 4, and 5 to update relevant features of the Statistical Area Category eligibility, list additional counties that satisfy the Fossil Fuel Employment threshold, list counties that satisfy both the Fossil Fuel Employment and the unemployment rate criteria for eligibility as an energy community, and list additional census tracts that satisfy the Coal Closure Category for eligibility as an energy community.

Appendices 1, 2, and 3 to this notice contain two “vintages” of delineations of MSAs and non-MSAs used for determination of Statistical Area Category eligibility. The first, termed “Vintage 1,” reflects groupings of county and county-equivalents into MSAs and non-MSAs generally based on the 2010 Decennial Census. Appendix A to Notice 2023-29 contains these Vintage 1 initial delineations of MSAs and non-MSAs used for determination of Statistical Area Category eligibility in Notice 2023-29, Notice 2023-45, Notice 2023-47, Notice 2024-30, and Notice 2024-48. The second, termed “Vintage 2,” reflects groupings of county and county-equivalents into MSAs and non-MSAs generally based on the 2020 Decennial Census.

(1) Appendix 1: Appendix 1 is a list of county and county-equivalents that incorporates MSAs and non-MSAs that are newly relevant to the Statistical Area Category based on updated information from the Office of Management and Budget (OMB) and the Bureau of Labor Statistics (BLS) regarding the 2020 Decennial Census. Appendix 1 lists each county or county-equivalent as well as its MSA or non-MSA, as applicable, for both Vintage 1 and Vintage 2. Counties may have changed MSA or non-

MSA, as applicable, between the two vintages.

(2) Appendix 2: Appendix 2 is a list of counties that have met the Fossil Fuel Employment threshold as of the Census Bureau's publication of the 2022 County Files of the County Business Patterns (CBP) as part of Vintage 1, Vintage 2, or both. Along with Appendix 2 to this notice, Appendix 1 to Notice 2024-30, Appendix 1 to Notice 2023-47, and Appendix B to Notice 2023-29 together provide the full list of counties or county-equivalents that meet the Fossil Fuel Employment threshold applicable to the period beginning on January 1, 2023, and until the Department of the Treasury (Treasury Department) and the Internal Revenue Service (IRS) issue an updated list.

(3) Appendix 3: Appendix 3 is a list of counties and county-equivalents that qualify as energy communities as part of Vintage 1, Vintage 2, or both, because they meet the Fossil Fuel Employment threshold and have an unemployment rate at or above the national average unemployment rate for calendar year 2024 as described in § 45(b)(11)(B)(ii)(II) and section 3.03(3) of Notice 2023-29. A county or county-equivalent qualifies as an energy community only if it meets the criteria for both the Fossil Fuel Employment threshold and the unemployment rate under the same "vintage." Appendix 3 uses the 2024 calendar year county unemployment rates released on April 18, 2025, by the Local Area Unemployment Statistics (LAUS) program of the Bureau of Labor Statistics (BLS)<sup>5</sup> to include MSAs and non-MSAs that meet the Fossil Fuel Employment threshold<sup>6</sup> and that also have an unemployment rate at or

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<sup>5</sup> BLS Local Area Unemployment Statistics (LAUS) data for counties is available at <https://www.bls.gov/lau>. The LAUS data does not include the U.S. Virgin Islands. The unemployment rate for the U.S. Virgin Islands for 2024 was found at <https://www.vidol.gov/labor-statistics/>.

<sup>6</sup> The two NAICS codes added to the table in section 3.03(2) of Notice 2023-29 by Notice 2024-30 were considered in determining which MSAs and non-MSAs to include.

above the national average unemployment rate for calendar year 2024.<sup>7</sup> The energy community status for the MSAs and non-MSAs listed in Appendix 3 is applicable as of June 23, 2025, and that status will continue until the Treasury Department and the IRS issue an updated list based on unemployment rates for 2025.

(4) Appendix 4: Appendix 4 lists the newly identified census tracts with either a coal mine closure or a coal-fired electric generating unit retirement (collectively referred to as “coal closures”), and census tracts that directly adjoin the census tracts with coal closures, using the Mine Safety and Health Administration’s (MSHA) Mine Data Retrieval System data and the U.S. Energy Information Administration’s EIA Form 860 and EIA Form 860M data as of April 1, 2025, and historical extracts from the MSHA’s Mine Data Retrieval System that enumerates each status change for a mine. Appendix 4 should be combined with Appendix C to Notice 2023-29, Appendix 3 to Notice 2023-47, and Appendix 2 to Notice 2024-48 to provide the full list of coal closure census tracts.

(5) Appendix 5: Appendix 5 lists those tracts contained in Appendix 4 that newly qualify as coal closure census tracts because of location data corrections issued since the publication of Notice 2024-48. Projects placed in service after December 31, 2022, that would have been EC Projects but for their location outside an energy community that are located in a census tract listed in Appendix 5 are eligible to claim the energy community bonus for taxable years starting after December 31, 2022.

#### SECTION 4. DRAFTING INFORMATION

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<sup>7</sup> The determination of whether an MSA or non-MSA has an unemployment rate at or above the national average employment rate is determined as described in § 45(b)(11)(B)(ii)(II) and section 3.03(3) of Notice 2023-29.

The principal author of this notice is the Office of Associate Chief Counsel (Energy, Credits, and Excise Tax). However, other personnel from the Treasury Department and the IRS participated in its development. For further information regarding this notice, call the energy security guidance contact number at (202) 317-5254 (not a toll-free call).