



U.S. DEPARTMENT OF LABOR

Inflation Reduction Act Prevailing Wage and Apprenticeship Requirements

Presented by U.S. Department of Labor



Inflation Reduction Act Labor Standards

The IRA's prevailing wage and apprenticeship provisions apply to the following tax benefits:

- Alternative Fuel Refueling Property Credit
- Production Tax Credit
- Credit for Carbon Oxide Sequestration
- Credit for Production of Clean Hydrogen
- Clean Fuel Production Credit
- Investment Tax Credit
- Advanced Energy Project Credit
- Energy Efficient Commercial Buildings Deduction

The IRA's prevailing wage provisions apply to these tax benefits as well:

- New Energy Efficient Home Credit
- Zero-Emission Nuclear Power Production Credit



IRS Guidance

On November 30, 2022, Treasury/IRS published guidance (**Notice 2022-61**, *Prevailing Wage and Apprenticeship Initial Guidance under Section 45(b)(6)(B)(ii) and Other Substantially Similar Provisions*) on the Inflation Reduction Act's prevailing wage and apprenticeship requirements.

Taxpayers must meet the prevailing wage and apprenticeship requirements for facilities where construction begins on or after **January 29, 2023**.



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IRA & Prevailing Wage Requirements



Prevailing Wage Presentation Overview

- IRA Prevailing Wage Provisions
- Prevailing Wage Rates
- How to Find Prevailing Wage Rates
- Understanding Wage Determinations
- Obtaining Additional Labor Classifications
- Wage Hour Division Support & Assistance



IRA & Prevailing Wage

Internal Revenue Code 45(b)(7)(A)

- "The requirements ... with respect to any qualified facility are that the taxpayer shall ensure that any laborers and mechanics employed by the taxpayer or any contractor or subcontractor in ... the construction of such facility, and ... the alteration or repair of such facility, shall be paid wages at rates not less than the prevailing rates for construction, alteration, or repair of a similar character in the locality in which such facility is located as most recently determined by the Secretary of Labor. . .



Prevailing Wage Provisions

A taxpayer satisfies the IRA's prevailing wage rate provisions by:

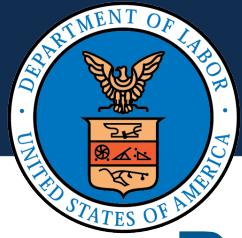
1. Paying all laborers and mechanics performing construction, alteration, or repair at a qualified facility at least the prevailing wage; and
2. Maintaining and preserving sufficient records to demonstrate laborers and mechanics were paid wages not less than the prevailing wage rates for the type of work performed.



Laborers and Mechanics

Laborers and mechanics include:

- Workers who perform primarily manual or physical work in trades or occupations such as electricians, ironworkers, equipment operators, carpenters, truck drivers, and general laborers.



Prevailing Wage Rates

For purposes of the prevailing wage provisions of the IRA:

- "Prevailing wage" refers to the wage listed for a particular classification of laborer or mechanic on the applicable wage determination for the type of construction and the geographic area or other applicable wage as determined by the Secretary of Labor.



What is a Prevailing Wage?

The Prevailing Wage is:

- The combination of the **basic hourly wage rate** *and* any **bona fide fringe benefits**.
- Paid to workers in a specific labor classification
- For the type of construction being performed
- In the geographic area where construction is performed
- As determined by the Secretary of Labor.



Wage Determinations

A Wage Determination lists wage rates determined by WHD to be prevailing in a specific geographic area (usually a county) for a certain type of construction.

There are four types of construction for which wage determinations are published:

- Building
- Residential
- Highway
- Heavy



Where to find Prevailing Wage Rates

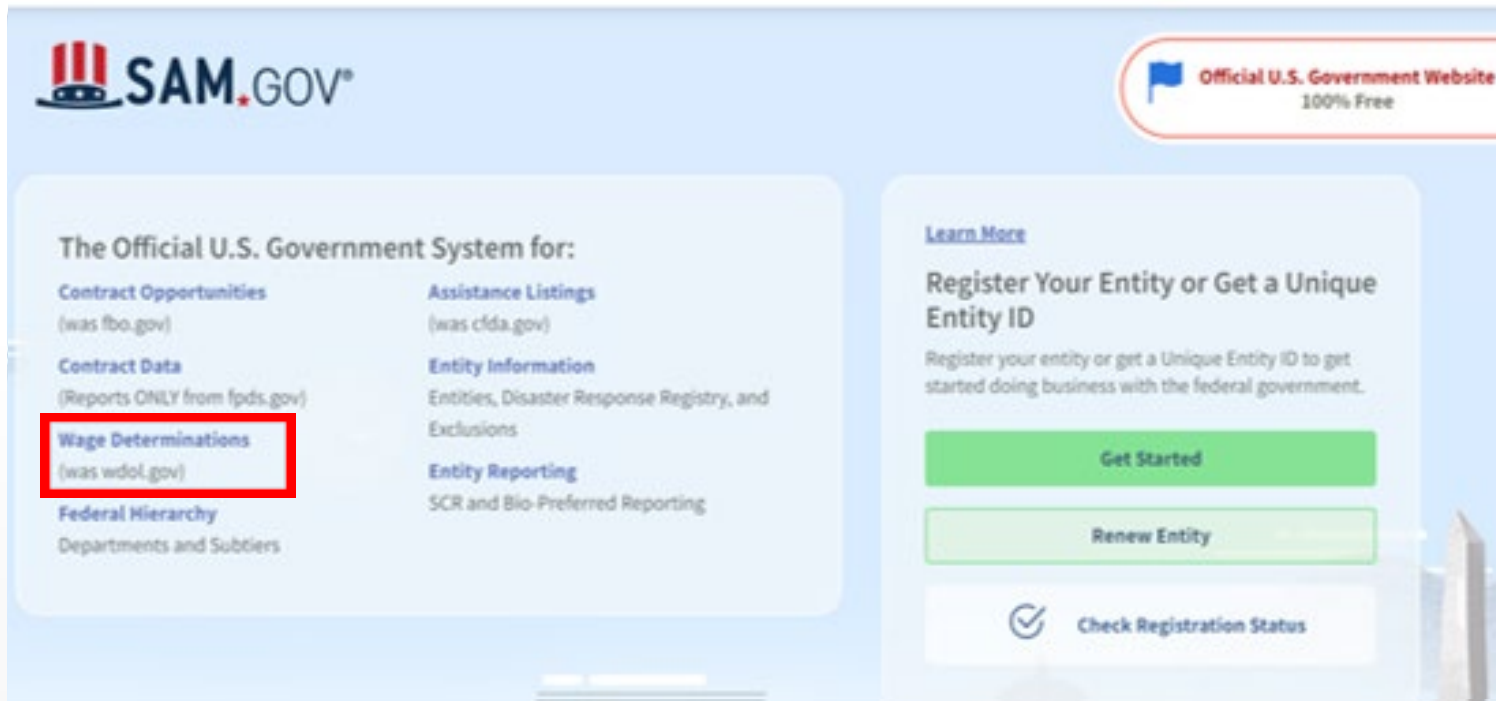
Prevailing wage rates are found in Wage Determinations

Wage Determinations:

- Issued by the U.S. Department of Labor's Wage and Hour Division
- Published on **www.sam.gov**



How to find Prevailing Wage Rates



1. Go to sam.gov
2. **Select Wage Determinations**
3. Select Public Building or Works
4. Select the applicable State, County, and Construction Type
5. Select the applicable Wage Determination on www.sam.gov



How to find Prevailing Wage Rates-Construction

A screenshot of the Wage Determinations website. The page has a navigation bar with "Home", "Search", "Data Bank", "Data Services", and "Help". The main heading is "Wage Determinations" with a "Legacy Website WDOI" logo. Below the heading is a descriptive paragraph: "A wage determination (WD) is a set of wages, fringe benefits, and work rules that the U.S. Department of Labor has ruled to be prevailing for a given labor category in a given locality." A search section titled "Help me find a wage determination" offers two options: "I know the WD number" with a search box for "Search by WD Number" and "I do not know the number" with a search box for "Start your search by selecting a category". Under the second option, there are two buttons: "Public Building or Works" (highlighted with a red box) and "Service Contracts". The "Public Building or Works" button includes the text "Wage rates for laborers and mechanics" and "Davis-Bacon Act (DBA)". The "Service Contracts" button includes the text "Wage rates for service employees" and "Service Contract Act (SCA)". A "Show active only" checkbox is also visible.

1. Go to sam.gov
2. Select Wage Determinations
3. **Select Public Building or Works**
4. Select the applicable State, County, and Construction Type
5. Select the applicable Wage Determination on www.sam.gov



How to find Prevailing Wage Rates-Criteria

The screenshot shows the "Select Criteria" interface on the sam.gov website. It features a left-hand sidebar with a "Select Domain" section containing "Wage Determinations" and a "Filter By" section with dropdown menus for "Location" (State, County/Independent City), "DBA Construction Type", and "Status" (Active/Inactive). A "Select Criteria" button with a back arrow is visible at the top right of the sidebar area. Three blue arrows point to the "State", "County/Independent City", and "DBA Construction Type" dropdown menus, indicating the selection steps.

1. Go to sam.gov
2. Select Wage Determinations
3. Select Public Building or Works
- 4. Select the applicable State, County, and Construction Type**
5. Select the applicable Wage Determination on www.sam.gov.



How to find Prevailing Wage Rates-Results

1. Go to sam.gov
2. Select Wage Determinations
3. Select Public Building or Works
4. Select the applicable State, County, and Construction Type
5. **Select the applicable Wage Determination on www.sam.gov**

A screenshot of the SAM.gov Wage Determinations search results page. The page shows a search filter on the left with "Wage Determinations" selected. The main content area displays "Showing 1 - 1 of 1 results" and a single result for "Davis-Bacon Act WD #: OH20220074". The result details include "State: Ohio", "Counties: Cuyahoga", "DBA Wage Determination", "Modification Number: 8", "Construction Types: Building", and "Published Date: Nov 11, 2022". A blue arrow points to the "Counties: Cuyahoga" field. The bottom of the page shows pagination controls for "1 of 1" results and "Results per page" set to "25".



Wage Determination Cover Sheet

"General Decision Number: CT20220013 06/17/2022

Superseded General Decision Number: CT20210013

State: Connecticut

Construction Type: Heavy

County: Fairfield County in Connecticut.

HEAVY CONSTRUCTION PROJECTS

Modification Number	Publication Date
0	01/07/2022
1	02/04/2022
2	02/25/2022
3	04/29/2022
4	05/13/2022
5	05/20/2022
6	05/27/2022
7	06/03/2022
8	06/17/2022

Note: Contracts subject to the Davis-Bacon Act are generally required to pay at least the applicable minimum wage rate required under Executive Order 14026 or Executive Order 13658. Please note that these Executive Orders apply to covered contracts entered into by the federal government that are subject to the Davis-Bacon Act itself, but do not apply to contracts subject only to the Davis-Bacon Related Acts, including those set forth at 29 CFR 5.1(a)(2)-(60).



Assistance Finding a Wage Determination

For more information on finding the applicable Wage Determination, please consult WHD's "Guide to Finding Your Wage Determination on sam.gov" at <https://www.dol.gov/agencies/whd/IRA>



Using the most Recent Wage Determination

When the taxpayer is **contracting with a prime contractor** to perform construction, alteration, or repair of a facility:

- The taxpayer should use the most up to date wage determination at the time it **enters into the contract** with the prime contractor.

When the taxpayer is **self-performing** the construction, alteration, or repair of a facility:

- The taxpayer should use the most up to date wage determination available at the time **the work is commenced**



Labor Classifications

Wage determinations include labor classifications based generally on trades or occupations.

A taxpayer should identify the labor classifications needed to perform work on the facility and compare them to the labor classifications on the wage determination.

An additional labor classification should be requested **only when the work needed for a project is *not* performed by a labor classification *already* listed on the applicable wage determination.**



Example #1



What labor classifications are typically needed for construction of a Solar Farm Facility?



Example #2



What labor classifications are typically needed for construction of Wind Turbines?



Obtaining an Additional Labor Classification

If a wage determination does not include a needed labor classification, an additional classification may be requested at IRAPrevailingwage@dol.gov

The request should include:

1. The type of facility;
2. Facility location;
3. Proposed labor classifications;
4. Proposed prevailing wage rates;
5. Job descriptions and duties; and
6. Any rationale for the proposed classifications.



Ways to Pay the Prevailing Wage Rate

A taxpayer can meet its obligation to pay the prevailing wage by:

1. Paying each laborer and mechanic the applicable prevailing wage entirely as cash wages; or
2. Paying a combination of cash wages and employer-provided bona fide fringe benefits.



Keeping Records under the IRA Labor Provisions

Section 6001 provides that every person liable for any tax imposed by the Internal Revenue Code, or for the collection thereof, must keep sufficient records.

Such records include:

- Permanent books of account or records
- Sufficient to establish the amount of gross income, deductions, credits, or other matters required to be shown by such person in any return of such tax



Wage and Hour Division Support & Assistance

WHD can provide technical and compliance assistance

Additional Resources:

- DOL IRA landing page: <https://www.dol.gov/general/inflation-reduction-act-tax-credit>
- WHD IRA landing page: <https://www.dol.gov/agencies/whd/IRA>
 - Frequently Asked Questions
 - Wage Determinations step-by-step directions
 - Wage Determinations available at www.sam.gov
- Request additional classifications: IRAPrevalingwage@dol.gov



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IRA & Apprenticeship Requirements



Apprenticeship Summary: Tax Benefits for Business Taxpayers

- **Apprenticeship Labor Hour Requirement:** At least an applicable percentage* of total labor hours for construction, alteration, or repair work on a qualified facility, project, property, or equipment (including such work performed by any contractor or subcontractor) must be performed by qualified apprentices
- **Apprenticeship Ratio Requirement:** The above requirement is subject to any applicable requirements for apprentice-to-journeyworker ratios of the Department of Labor or the applicable State apprenticeship agency
- **Apprenticeship Participation Requirement:** Each taxpayer, contractor, or subcontractor who employs 4 or more individuals to perform construction, alteration, or repair work with respect to the construction of a qualified facility must employ 1 or more qualified apprentices
- **Good Faith Effort Exception**
- Applies to:
 - Alternative Fuel Refueling Property Credit (§30C)
 - Production Tax Credit (§45, §45Y)
 - Credit for Carbon Oxide Sequestration (§45Q)
 - Credit for Production of Clean Hydrogen (§45V)
 - Clean Fuel Production Credit (§45Z)
 - Investment Tax Credit (§48, §48E)
 - Advanced Energy Project Credit (§48C)
 - Energy Efficient Commercial Buildings Deduction (§179D)



Key Features of Guidance

- Reference to statutory definitions of “qualified apprentice” and “registered apprenticeship program”
 - Definitions of key terms, including “employ,” “journeyworker,” “apprentice-to-journeyworker,” “construction, alteration, or repair,” and “State apprenticeship agency”
 - Additional information on the Good Faith Effort Exception
 - A taxpayer will be considered to have made a good faith effort in requesting qualified apprentices if the taxpayer requests qualified apprentices from a registered apprenticeship program in accordance with usual and customary business practices for registered apprenticeship programs in a particular industry
 - Recordkeeping requirements
 - Example of how to comply
-



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Good Faith Effort Exception

- § 45(b)(8)(D)(ii) (Good Faith Effort Exception)
 - A taxpayer is deemed to have satisfied the apprenticeship requirements with respect to a qualified facility if the taxpayer has requested qualified apprentices from a registered apprenticeship program and:
 - (i) such request has been denied, provided that such denial is not the result of a refusal by the taxpayer or any contractors or subcontractors engaged in the performance of construction, alteration, or repair work with respect to such qualified facility to comply with the established standards and requirements of the registered apprenticeship program, or
 - (ii) the registered apprenticeship program fails to respond to such request within 5 business days after the date on which such registered apprenticeship program received such request.
 - Taxpayers intending to rely on the good faith effort exception would need to keep records reflecting those good faith efforts, such as documents showing the requests for apprentices and the response, if any, from the Registered Apprenticeship program.
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Recordkeeping

- As further explained in IRS Notice 2022-61, taxpayers **must keep the records necessary to show, among other things, the amount of any credit or deduction claimed.**
 - For example, the taxpayer could keep records showing that:
 - The apprentice to journeyworker ratio of the Registered Apprenticeship program on each day that an apprentice was working was met;
 - The apprentice labor hours for construction, alteration, or repair were met; and
 - The apprentice participation requirements were met.
-



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Technical Assistance

- Both OA and SAA staff have a significant role to play in supporting these organizations with technical assistance on joining, developing, or starting Registered Apprenticeship programs in the clean and renewable energy sector.
 - OA and SAA staff are uniquely positioned as key resources for assisting new employers to join existing group programs or in starting their own programs, assisting in providing referrals to existing programs, and answering questions about Registered Apprenticeship.
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Apprenticeship & IRA Resources for business taxpayers and stakeholders

Registered Apprenticeship is an **industry-driven, high-quality** career **pathway** where employers can **develop** and prepare their **future workforce**, and individuals can obtain **paid work** experience, **receive progressive wage increases**, **classroom instruction**, and a portable, **nationally-recognized credential**.



Industry-Led



Paid Job



On-the-Job
Learning/Mentorship



Supplemental
Education



DEIA



Quality &
Safety



Nationally-Recognized
Credentials

KEY COMPONENTS OF REGISTERED APPRENTICESHIP



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BENEFITS FOR EMPLOYERS

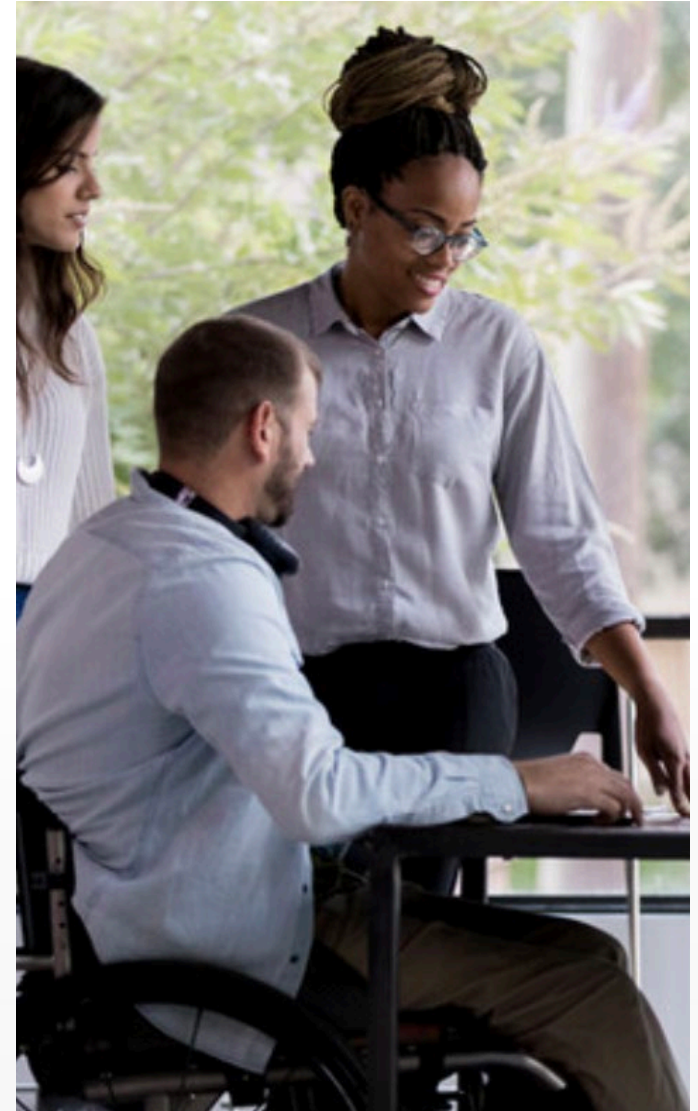
- Create a diverse and highly-skilled workforce
- Improve productivity and profitability
- Increase staff loyalty and retention of workers
- Flexible training options
- Minimize liability costs
- Access to federal and state resources
- Receive tax credits and employee tuition benefits



RESOURCES

Want more info? Visit the [Employer page on Apprenticeship.gov](#)

Helpful reading: *Department of Commerce Study: The Benefits and Costs of Apprenticeship: A Business Perspective*





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BENEFITS OF REGISTERING YOUR PROGRAM

By registering your program with the U.S. Department of Labor or State Apprenticeship Agency, you will gain access to additional resources:



Access to a **nationwide network of expertise, customer service**, and **support at no charge**.



Access **funding** and other resources from federal programs. In many states, businesses can qualify for tax credits.



Graduates receive an **industry-recognized** and **nationally-portable credential**.



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Registered Apprenticeship – Regulatory Framework

National Apprenticeship Act (Fitzgerald Act) of 1937

29 CFR Part 29 – Labor Standards

- Quality Program Design – On the Job & Off the Job
- Apprenticeable Occupations
- Industry/Employer Engagement
- Progressive Wages
- Safety (Ratios)
- Nationally Recognized Credential(s)
- Provisional and Quality Reviews (APRs)
- State Apprenticeship Agencies

29 CFR Part 30 – Equal Employment Opportunity

- Protected Basis
 - Discrimination and Harassment Free Programs
 - Affirmative Action Programs
 - Targeted Outreach and Recruitment Requirements
 - Protections for Individuals with Disabilities
 - Compliance Reviews (EAPR)
-



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Registered Apprenticeship Resources

[Partner Finder Tool](#)

- Our Partner Finder Tool can connect you with the right partners to help you learn more about existing programs and how to design, develop, or enhance your program.

[Occupation Finder Tool](#)

- Our Occupation Finder Tool can help you find occupations approved for use in a Registered Apprenticeship Program along with descriptions, alternative titles, and related occupations.

[Standards Builder Tool](#)

- Our Standards Builder Tool can help you quickly customize and register your program in a single centralized place.

[Express Interest](#)

- Learn more about Registered Apprenticeships and how you can get started as an employer or a career seeker through our Express Interest portal

[State Offices](#)

- State Apprenticeship offices are located across the nation to provide technical assistance and support to program sponsors, answer questions about the apprenticeship model, guide partners on each phase of developing a program, connect business to training providers, advise partners on available funding sources to support apprenticeships, and register eligible programs.
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Available Resources

APPRENTICESHIPUSA

CAREER SEEKERS ▾

EMPLOYERS ▾

EDUCATORS ▾

RESOURCES ▾

HELP



[HOME](#) / INFLATION REDUCTION ACT APPRENTICESHIP RESOURCES



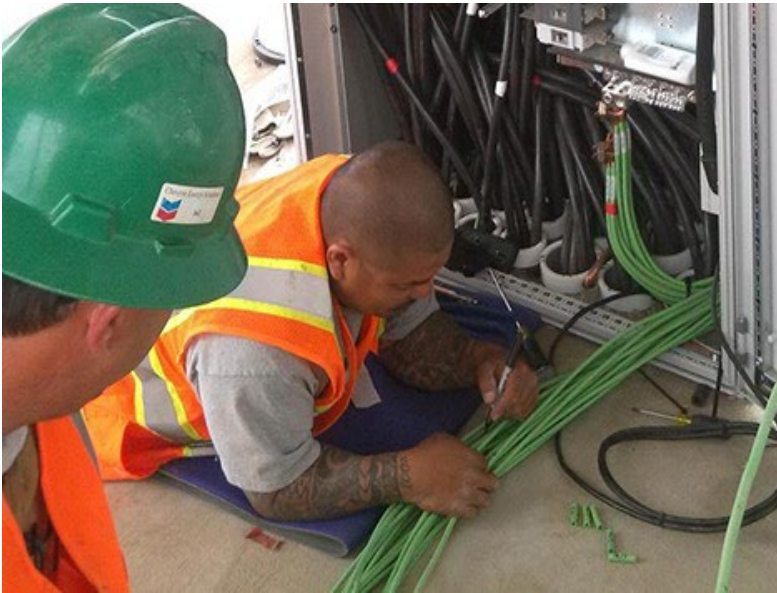
INFLATION REDUCTION ACT APPRENTICESHIP RESOURCES

<https://www.apprenticeship.gov/inflation-reduction-act-apprenticeship-resources>



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Questions and Answers





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Additional Resources

For more information on the IRA's prevailing wage and apprenticeship requirements, please visit the Department of Labor's webpage at:

<https://www.dol.gov/general/inflation-reduction-act-tax-credit>
