Pre-Construction Compliance Checklist — Section 48E

What zero-emission energy projects need in place before construction starts — to protect the 5x multiplier on the Clean Electricity Investment Credit

Issued by: SkillSmart
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For: Renewable developers, owners, and EPCs targeting the 48E enhanced credit
Time to complete: ~20 min

WHY THIS MOMENT MATTERS

The Section 48E Clean Electricity Investment Credit provides a 6% base credit on qualified investment cost — or 30% if prevailing-wage and apprenticeship (PWA) requirements are met during construction and throughout the 5-year recapture period following placed-in-service. The 5x multiplier is not earned at the modeling stage or at tax-filing. It is earned in the field, every pay period, with audit-defensible evidence — and most of the work to make it audit-defensible has to be set up before the first paycheck is cut. This checklist is the pre-construction posture review we recommend running on every facility chasing the enhanced rate.

Introduction

SkillSmart has spent the past two years working with partners and clients across IRA and state energy tax credit programs as they've come online. This checklist captures what we've consistently seen matter most — both as you're planning new tax credit projects and as projects get underway — to help teams strengthen their compliance posture and protect the §48E investment tax credit. Ideally, you're using this before construction starts. Practically, things move quickly and that's not always realistic. Either way, the checklist is designed to help.

How to Use This Checklist

- Work through each section. Check items you can honestly say are done; leave open items that aren't.
- Mark items "N/A" in the right column if they genuinely don't apply (e.g., your project is not in a state with an additional layer).
- Use the scoring guide at the end to get a quick read on your overall posture.
- Treat this as a working document. The earlier in pre-construction you run it, the cheaper any gap is to close.

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A NOTE ON SCOPE

This checklist covers the pre-construction setup of PWA compliance for the Section 48E Clean Electricity Investment Credit — the foundation that earns the 5x multiplier at the time of placed-in-service. PWA obligations continue during the 5-year recapture period following placed-in-service whenever alteration or repair work is performed on the facility. That recapture-period compliance is covered in our companion 48E Recapture-Period Compliance Checklist. This document also does not cover the separate Domestic Content or Energy Communities bonus adders, the §6418 transfer mechanics, the §45Y PTC analogue, or the §45Q/§45V/§45U credits. Each of those has its own setup work.

Section A. Prevailing-Wage Foundation

Goal: ensure the project has the right wage determinations on file and that coverage scope is unambiguous before any worker is on the clock.

☐	Project address(es) and scope finalized. DOL prevailing-wage determinations obtained for each location (via SAM.gov Wage Determinations) and confirmed against the correct schedule (typically Heavy Construction, but verify).
☐	Wage determinations dated within 90 days of construction start. Plan in place to re-verify annually for multi-year projects.
☐	All construction trades on the project mapped to the correct wage determination crafts (electricians, laborers, operating engineers, ironworkers, etc.). Catch-all classifications avoided.
☐	Coverage scope confirmed in writing: prevailing wage applies to all laborers and mechanics employed by the taxpayer, any contractor, and any subcontractor on construction, alteration, or repair of the qualified facility.
☐	Five-year recapture horizon planned. PWA applies not just to initial construction but to alteration and repair work for the full 5-year recapture period following placed-in-service. Recapture-period repair work is in scope and must be tracked.
☐	Site location reviewed for split jurisdictions. If the facility spans counties or wage areas, separate determinations applied where required.

Section B. Apprenticeship Setup

Goal: meet the labor-hour percentage, the daily ratio, and the participation requirement, with documented Good Faith Effort if apprentices aren't available.

☐	Applicable apprenticeship labor-hour percentage confirmed: 12.5% for facilities that began construction in 2023; 15% for those beginning construction in 2024 or later.
☐	Apprentice-to-journeyworker ratio understood as a daily standard, not a project-wide average. Tracking system built around daily compliance per trade.
☐	Registered Apprenticeship Programs (RAPs) identified in the project's geographic area via the DOL Apprenticeship Finder. Initial outreach made.

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☐	Apprenticeship participation requirement met for every contractor and subcontractor with 4 or more employees performing covered work.
☐	Good Faith Effort process documented and dated: written request to RAP(s) at least 45 days before need, plus retention of the program response (or non-response).
☐	Backup plan defined for trades where apprentices cannot be sourced: GFE exception documentation, alternative RAP outreach, schedule contingencies.
☐	Apprenticeship hours tracking integrated with the same timekeeping system that captures total project labor hours — not in a separate spreadsheet.

Section C. Contractor & Subcontractor Onboarding

Goal: every contractor and sub at every tier knows they are on a PWA project, has the right contract language, and is delivering the right records.

☐	Master contractor and subcontractor list maintained and refreshed at least monthly. Includes lower-tier subs, not just first-tier.
☐	PWA flow-down clauses included in every contract and subcontract. Template language reviewed by counsel; contains wage-rate obligations, apprenticeship obligations, recordkeeping obligations, and cure-payment obligations.
☐	Each contractor and sub formally notified of PWA requirements in writing before mobilizing to site.
☐	Process in place to collect weekly certified payrolls (Form WH-347 or equivalent) from every covered contractor at every tier — not just the GC.
☐	Compliance review cadence set for contractor records: recommend a quarterly self-audit during construction (at minimum) plus pre-payment checks for each pay application.
☐	Onboarding includes a brief PWA orientation for contractors that have not previously worked under Davis-Bacon or IRA PWA rules — the most common failures are from contractors who simply don't know the standard.

Section D. Recordkeeping Infrastructure

Goal: produce audit-ready records, held in the taxpayer's name, in a form that can be retrieved quickly and traced from a single hour of labor to the credit claim.

☐	Records retention plan: minimum 6 years from the date the §48E credit is claimed (typically the placed-in-service year). Recommended: through the 5-year recapture period plus 3 years of audit window — typically 8 years from PIS — to cover the longest plausible audit window.
☐	Records maintained in the taxpayer's own name and possession — not solely held by contractors. If a contractor folds or refuses to produce records at audit, the taxpayer is still on the hook for the credit.
☐	Certified payroll process defined: weekly WH-347 (or equivalent) from every covered contractor and sub, including hours by classification, gross wages, fringe paid, and statement of compliance.

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☐	Fringe benefit documentation: distinguish between cash payments and bona fide plan contributions; retain plan documents if claiming bona fide plan credit toward the prevailing wage.
☐	Daily journey-to-apprentice ratio records maintained per trade, not just monthly or weekly summaries.
☐	Timekeeping system meets DOL recordkeeping standards: hours worked by individual, by classification, by day, by project. Time spent in multiple classifications recorded separately.
☐	Records organized for audit retrieval: indexed by project, contractor, pay period, and trade. Goal: any specific record retrievable in under 15 minutes.

Section E. Cure & Correction Process

Goal: catch underpayments and ratio shortfalls early, cure them within the regulatory window, and document the cure so an auditor sees a working program rather than a failure.

☐	Internal self-review process scheduled at least quarterly during construction to identify potential underpayments, classification errors, or apprenticeship-ratio shortfalls.
☐	Correction-payment workflow documented: who calculates the shortfall, who approves the cure payment, how it is paid to the worker, and how the documentation is retained.
☐	Awareness in place of the 30-day cure window: underpayments must be cured within 30 days of becoming aware of them to qualify as timely cure.
☐	Process for paying IRS penalties separately when cure is required: $5,000 per worker for prevailing-wage failures (or $10,000 per worker for intentional disregard); $50 per labor hour for apprenticeship shortfalls (or $500 if intentional).
☐	Cure documentation linked back to the original records so the audit trail shows the failure, the discovery, the cure, and the date — not a discontinuity.

Section F. State Stack on Top of Federal

Goal: identify state-level prevailing-wage and apprenticeship layers that operate independently of the IRA, and make sure the project is paying and reporting to whichever standard is higher.

☐	State-level prevailing-wage law identified for each project location (state DOL, DIR, or equivalent agency rules in addition to federal Davis-Bacon).
☐	State-specific apprenticeship requirements identified — some states impose ratios or participation rules beyond federal IRA.
☐	State certified-payroll reporting cadence and form requirements confirmed (state-specific forms vary; some require online submission).
☐	High-impact state checks completed where applicable: California (DIR / DLSE) — extensive PW framework, online certified-payroll filing, separate apprenticeship rules. Illinois (CEJA) — prevailing wage and PLAs required on all new renewable projects. New York (CLCPA) — prevailing wage on clean-energy projects of $100K+.

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	New Jersey, Massachusetts (SMART), Connecticut, Maryland, Minnesota, Oregon, Washington, Colorado — combinations of state PW and incentive rules vary.
☐	Reconciliation rule applied: pay whichever standard is higher (federal IRA, state PW, or local), and report under whichever standards apply. Document the determination of which rule controls.

Section G. Documentation for the Tax Filing

Goal: when the §48E credit is claimed at placed-in-service, the labor evidence ties cleanly to the qualified facility, and the certification withstands review.

☐	PWA certification statement drafted: taxpayer's attestation language prepared in advance of return preparation, signed by an authorized officer.
☐	Records linkage maintained: labor evidence traceable from individual worker-hours to the specific qualified facility on which the §48E credit is claimed.
☐	Tax filing forms identified and prepared for the §48E investment tax credit claim at placed-in-service (Form 3800 General Business Credit and applicable schedules — confirm with tax advisor). The credit is claimed once at the year of PIS, not annually.
☐	Working relationship with tax preparer or advisor established early, with a documented hand-off package: certified payrolls summary, apprenticeship records, GFE documentation, cure documentation, and any state-stack records.
☐	Investment cost basis documentation maintained: the §48E credit is calculated on qualified investment cost, so cost segregation and basis substantiation feed directly into the credit claim. Coordinate PWA records with the investment-basis workpapers.

Section H. Tax Equity, Transfer, and Risk-Shifting

Goal: align your compliance posture with what investors, transferees, or insurers will require — and decide deliberately whether to keep monitoring in-house, hire a third party, or carry tax-credit insurance.

☐	Tax-equity investor diligence requirements identified early. Most institutional tax-equity investors now treat third-party compliance monitoring as a standard underwriting condition for §48E ITC deals.
☐	If credits will be transferred under §6418: tax-credit insurance considered. Insurers typically require evidence of a compliance program before binding. For ITC transfers, the indemnification scope must address the 5-year recapture period.
☐	Decision documented on monitoring model: in-house only (lowest cost, highest internal demand), third-party monitor (highest cost, easiest investor underwriting), or hybrid (in-house operations with third-party audit support).
☐	Audit defense plan documented: who responds to an IRS or DOL inquiry, where evidence lives, who is authorized to certify, and target response time for record production — across both construction and the 5-year recapture period.

Section I. Bridge to the Recapture Period (Year-One Handoff)

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Goal: when the facility is placed in service and the §48E credit is claimed, the compliance program survives intact and is positioned to protect the credit from recapture across the 5-year recapture period. PWA obligations do not end at COD — they continue for 5 years.

☐	Compliance program formally transitioned from the construction team to the O&M / asset-management team at placed-in-service. Roles, owners, and escalation paths documented for the 5-year recapture window.
☐	O&M provider(s) onboarded with PWA orientation before the first scheduled service visit. Same standard applied to OEM and warranty service teams.
☐	O&M, warranty, and service contracts contain PWA flow-down language covering wage rates, apprenticeship, recordkeeping, and cure obligations for alteration/repair work during the recapture period.
☐	Records system handed over to the asset-management team with a documented continuity plan. Storage, indexing, and retrieval standards from construction preserved.
☐	Annual compliance review cadence established (recommend Q1 each year) for the full 5-year recapture period. First annual review on the calendar.
☐	Recapture-period checklist queued for first quarter post-PIS. See the companion 48E Recapture-Period Compliance Checklist for the full ongoing program.

IF YOU'RE ALREADY IN CONSTRUCTION

If you're reading this with mobilization already complete, focus first on records remediation: pull the last 90 days of certified payrolls and apprenticeship records, identify gaps, and cure underpayments retroactively. Underpayments can still be cured up to the point the credit is claimed — and a documented self-discovery cure is materially better evidence than an auditor-discovered failure. Then turn back to this checklist and address structural items (Sections C, D, E) so the next 90 days are clean.

Self-Assessment Score

Tally the items you checked across all sections (about 40 in total). Use the bands below as a directional read — they are not a substitute for legal or tax advice.

☐	90%+ checked: Audit-ready posture. Tighten any open state-stack or tax-equity items.
☐	75–89%: Strong posture. Identify the lowest-scoring section and close gaps in the next 30 days.
☐	50–74%: Moderate exposure. Compliance program is partially in place but has structural gaps. Prioritize Sections A, B, and D.
☐	Below 50%: High risk. The 5x multiplier is materially exposed. Treat as a near-term remediation project before further construction milestones.

Next Steps

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△ SkillSmart InSight

If this surfaced items you weren't sure how to score — or you'd like a second pair of eyes on the gaps — we'd be happy to offer a brief 30-minute review with one of our compliance leads at no cost. We'll walk through the checklist with you and flag what we've seen become a problem on other projects.

Book a 30-minute review: https://calendly.com/mknapp-skillsmart/30min

Or email Michael directly: mknapp@skillsmart.us

ABOUT SKILLSMART

SkillSmart is a wage-compliance system of record purpose-built for prevailing-wage and Davis-Bacon work, federal and state, and built simply enough that you don't need to hire a consultant to run it. For specialty consulting firms running their own monitoring practices, SkillSmart is the operating system they can run their practice on.

Disclaimer

This checklist is intended as an educational and operational tool for project teams scoping pre-construction compliance posture for the Section 48E Clean Electricity Investment Credit. It is not legal, tax, or accounting advice. Specific compliance obligations depend on facility location, scope, construction-start date, contractual structure, and other facts that should be reviewed with qualified counsel and a qualified tax advisor. Regulations and guidance under the Inflation Reduction Act, the One Big Beautiful Bill Act of 2025, and state-level frameworks continue to evolve; verify current rules before relying on any item in this document.