

Attorney General Raoul Calls For Robust Oversight To Protect Wages For Workers Under Inflation Reduction Act

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CHICAGO - Attorney General Kwame Raoul led a coalition of 11 attorneys general urging the U.S. Department of the Treasury and the Internal Revenue Service (IRS) to

adopt effective enforcement that would protect workers' rights to prevailing wages on renewable energy and green economy projects where employers claim expanded tax credits.

The Inflation Reduction Act, signed into law by President Biden in August 2022, created a range of tax credits and deductions for renewable energy projects and other green economy investments. The act makes credits five times larger if employees working on such projects are paid prevailing wages. In their [comment letter](#) submitted to the U.S. Department of the Treasury and the IRS, Raoul and the attorneys general urge the agencies to ensure that wage requirements are enforced.

“Bad actors can and do find ways to falsify records and avoid prevailing wage obligations,” Raoul said. “Using retrospective paper audits to determine if workers were paid prevailing wages, sometimes years after the work is completed, creates an unacceptable risk that some employers will claim huge tax credits while underpaying workers.”

In December 2022, several states, including Illinois, submitted a [comment letter](#) calling for the equitable and efficient implementation of the Inflation Reduction Act. The letter stressed the need for timely reporting by employers and monitoring by the federal government to secure prevailing wages for workers employed by companies benefiting from tax credits. However, in August, the IRS issued proposed rulemaking that would rely on retrospective paper audits to monitor compliance.

Raoul and the attorneys general note that the IRS has the authority to initiate a formal collaboration with the U.S. Department of Labor (DOL), which has extensive experience enforcing prevailing wage requirements. Such a collaboration would allow the IRS to more effectively gather contemporaneous certified payroll from employers intending to claim tax credits for green economy projects. The DOL could also assist in monitoring these employers' compliance with the prevailing wage requirements of the Inflation Reduction Act.

The coalition also stressed the importance of employers providing notice to workers that their work is eligible for prevailing wages under the Inflation Reduction Act. Further, the attorneys general argue that certified payroll filed by employers should be subject to public disclosure so that stakeholders, including workers, labor unions, and state and local law enforcement agencies, can help ensure proper monitoring.

Joining Raoul in submitting the letter are the attorneys general of Colorado, Delaware, the District of Columbia, Maine, Massachusetts, Minnesota, New Jersey, New York, Oregon and Pennsylvania.