

# **2023 Clean School Bus (CSB) Grant Program (FON# EPA-OAR-OTAQ-23-06) Questions and Answers, 2025 Supplement**

Friday, August 29, 2025

This is a supplement to the [Questions and Answers document published by EPA on December 6, 2024](#) and contains new guidance for the benefit of prospective organizations and/or those awarded a grant under the above Notice of Funding Opportunity (NOFO).

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Please note that many questions are variations of each other so your exact question may not be listed; please look for similar questions.

## 5. Funding Amounts and Eligible Costs

**Updated 5.6:** *Can entities participating in an EPA incentive program also qualify for federal tax credits (e.g., IRC 30C and 45W)?*

**Answer:** Federal tax credits may be available to certain types of entities participating in an EPA incentive program, and entities should consult with a dedicated tax professional to determine whether they are eligible. ***Entities interested in determining their eligibility for relevant tax credits 30C (Alternative Fuel Vehicle Refueling Property Credit) or 45W (Qualified Commercial Clean Vehicle Credit) should take into consideration their revised termination clauses provided towards the end of this Q&A.***

In particular, certain applicable entities, including tax-exempt and government entities, that would generally otherwise be unable to claim federal tax credits because they generally do not owe federal income tax, can benefit from some clean energy tax credits, using **elective pay**, which treats the amount of the credit as a payment of tax and refunding any resulting overpayment.

The categories of applicable entities eligible for elective pay of tax credits 30C and 45W are:

### **Eligible for elective pay on 45W:**

- tax-exempt organizations (*described in §§ 501-530, other than those described in § 523*)
- states (including DC) and political subdivisions such as local governments
- Indian tribal governments
- Agencies and instrumentalities of state, local, and tribal governments

### **Eligible for elective pay on 30C:**

- tax-exempt organizations (*described in §§ 501-530*)
- states (including DC) and political subdivisions such as local governments
- Indian tribal governments
- Agencies and instrumentalities of state, local and tribal governments
- Alaska Native Corporations
- The Tennessee Valley Authority
- Rural electric co-operatives

Other requirements, such as ownership of the credit property (e.g., eligible vehicle or charger), is required. Special rules limit the application of investment-related tax credits (including, but not limited to, 30C and 45W) for U.S. Territories.

Please review the Internal Revenue Service's (IRS) [frequently asked questions document](#) on elective pay for more information. The EPA cannot provide tax advice. If needed, please contact the IRS or a dedicated tax professional to address any tax-related questions, including regarding statutory changes to clean energy tax credits.

As a result of H.R.1, the One Big Beautiful Bill Act, being signed into law on July 4, 2025, (Public Law 119-21), the termination dates of 45W and 30C have been revised to the following:

### 26 USC 45W(g) – Termination

No credit shall be determined under this section with respect to any vehicle acquired after September 30, 2025.

## 26 USC 30C(i) – Termination

This section shall not apply to any property placed in service after June 30, 2026.

For further questions on these termination dates, including how they impact an entity's eligibility to claim a tax credit, we urge you to contact a dedicated tax professional to discuss your specific situation.

Please note that this question has no bearing on whether an entity is eligible for an EPA funding program. To determine EPA program eligibility, please refer to the relevant program's eligibility requirements.

*Date Posted: 8/29/2025*

## 9. Terms and Conditions

### 9.a. General

**New 9.a.37:** *If an award recipient is eligible for elective pay, can the award recipient stack applicable tax credits on top of program funds?*

**Answer:** While an award recipient may stack applicable tax credits on top of program funds, the award recipient is advised to consult with a dedicated tax professional to determine how the program funds will be characterized for tax purposes, because this can affect whether the entire value of the credit can be claimed.

If the program funds that an applicable entity used to pay for the credit property (e.g. eligible vehicle or charger) are considered a "restricted tax exempt amount," then the value of those funds plus the value of the tax credit cannot exceed the paid price of the credit property. Grant funding used to pay for a piece of equipment would generally be considered a restricted tax exempt amount if the grant was given for the specific purpose of purchasing, constructing, reconstructing, erecting, or otherwise acquiring an investment-related credit property (e.g., credit property described in 30C and 45W).

If the sum of the restricted tax exempt amount and the federal tax credit exceeds the price of the credit property, then the amount of tax credit allowed will be reduced so that the combined value of the credit and the restricted tax exempt amount does not exceed the price of the credit property. More information on the 30C and 45W tax credits as well as specific examples can be found on the [IRS website](#). Please see Q&A 41 of the linked IRS document to see an example that illustrates this scenario. The EPA cannot provide tax advice. If needed, please contact the IRS or a dedicated tax professional to address any tax-related questions, including regarding statutory changes to the clean energy tax credits.

As a result of H.R.1, the One Big Beautiful Bill Act, being signed into law on July 4, 2025, (Public Law 119-21), the termination dates of 45W and 30C have been revised to the following:

## 26 USC 45W(g) – Termination

No credit shall be determined under this section with respect to any vehicle acquired after September 30, 2025.

## 26 USC 30C(i) – Termination

This section shall not apply to any property placed in service after June 30, 2026.

For further questions on these termination dates, including how they impact an entity's eligibility to claim a tax credit, we urge you to contact a dedicated tax professional to discuss your specific situation.

*Date Posted: 8/29/2025*

**New 9.a.38:** *Is a federal tax credit on a vehicle or infrastructure purchased in part with grant funds program income?*

**Answer:** No, federal tax credits are not considered program income.

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**New 9.a.39:** *If a selectee chooses to claim a federal tax credit for equipment purchased using grant funding, what requirements apply?*

**Answer:** Recipients choosing to claim a federal tax credit for qualifying property purchased using grant funding are required, at a minimum, to follow [2 CFR 200.305\(b\)\(5\)](#), [2 CFR 200.406](#), and [2 CFR 200.345\(a\)\(2\)](#). As described in 2 CFR 200.406, "To the extent that such credits accruing to or received by the recipient or subrecipient relate to allowable costs, they must be credited to the Federal award either as a cost reduction or cash refund, as appropriate."

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**New 9.a.40:** *What type of documentation should grantees provide related to any tax credit(s) generated through their activities funded by the grant?*

**Answer:** In accordance with 2 CFR Sections 200.334-200.337, grantees must retain all relevant documentation, including forms used to file for a tax credit(s) generated through activities funded by the grant, with their grants records. All documentation must be made available upon audit and must clearly show that the grantee did not earn an excess benefit (i.e., the combination of grant funding used to pay for a piece of equipment plus the value of the tax credit did not exceed the paid price of the equipment).

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## **9.b. Build America, Buy America**

**9.b.6:** *Does all infrastructure purchased with CSB funding need to meet Build America, Buy America (BABA) requirements? Do BABA requirements apply to infrastructure purchased with non-EPA funds?*

**Answer:** Yes. All fueling infrastructure, including electric charging infrastructure, battery energy storage systems (BESS), and renewable on-site power generation systems purchased with CSB funds must fully comply with BABA requirements, unless EPA grants a waiver.

Any infrastructure costs that are paid solely with non-federal funding but are part of a project that receives federal funding are also subject to BABA requirements. It is important to consider EPA's definition of a project when determining which infrastructure activities are subject to BABA. EPA defines a "project" generally to mean an activity at the same time, same place, and with the same purpose regardless of the funding source.

Please see Question 2.13 in OTAQ's [BABA Implementation Procedures](#) for examples of the purpose, place, and time test as they apply to charging/ fueling infrastructure.

EPA recognizes that this guidance updates previous guidance for this 2023 CSB Grant Program (published on 10/28/2024) on the applicability of BABA requirements to infrastructure costs paid for solely with non-federal funding. To the extent that 2023 CSB grant recipients have not, as of the date of this FAQ publication, initiated the purchasing process (e.g., have documentable evidence of previously issuing a Request for Proposal for design, installation, and/or delivery of infrastructure, or previously executing a contract for design, delivery, or installation of infrastructure), then grant recipients should proceed with purchasing infrastructure in accordance with this updated guidance.

For information on BABA requirements and waivers, visit EPA's BABA website. A CSB grant recipient may discuss the potential need for a waiver by e-mailing questions to [BABA-OTAQ@epa.gov](mailto:BABA-OTAQ@epa.gov).

*Date Posted: 8/8/2025*

## 10. Grant Administration

**10.41:** *How do you determine the "Battery: Total kWh of battery discharge" requested on the 2023 CSB Grants Reporting Template Fleet Description tab?*

**Answer:** The "Battery: Total kWh of battery discharge" field in the 2023 CSB Grants Reporting Template Fleet Description tab refers to the total kWh of battery discharge covered under warranty.

Grantees can refer to the information provided by their manufacturer to find information on the battery warranty, including the Total kWh of battery discharge covered under warranty. Note that batteries may have a warranty period based on years, or miles, or kWh throughput, or a combination of all three; for batteries without a warranty based on kWh discharge, grantees can indicate "N/A" in the Template.

Finally, note that Columns BB and BC also refer to Battery Warranty information and columns BE, BF, and BG refer to Powertrain Warranty information.

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**10.42:** *Can a subsidiary of the grantee organization hold ownership of new school buses purchased through the CSB Program, or does the grantee, or their subrecipient, need to retain ownership throughout the five-year period?*

**Answer:** Per [2 CFR 200.313](#), the title must vest with the grantee or their subrecipient that purchases the new buses; however, they may subsequently pass ownership of the new buses (and any charging infrastructure) in one of two ways: First, if the grantee plans to pass ownership to a private entity, such as a subsidiary or other subrecipient, when finalizing their final award with EPA, then the grantee can pass ownership through a subaward, subject to the terms of Appendix A. III. Subawards, of the NOFO. As stated in the NOFO, subrecipients are subject to the same federal requirements as the grantee.

Alternatively, if the grantee identifies a need to pass ownership to a school district beneficiary or other participant in the grant project after the award is finalized, then the grantee must ensure that the contractual agreement with the entity that will take ownership of the buses (and any infrastructure) guarantees that all program requirements will continue to be met, including the requirement for new buses to serve the school district listed on the award for at least 5-years from the date of delivery. EPA will not be involved in the contractual arrangement between the grantee and the entity taking ownership; however, the grantee organization will ultimately be held accountable for meeting all program requirements as outlined in the Terms and Conditions of the award. Importantly, grantees and subrecipients may not purchase buses or associated infrastructure from a parent company, subsidiary or other affiliate as that term is defined in [2 CFR 180.905](#) as this establishes an actual or apparent organizational conflict of interest. The grantee or subrecipient must purchase the buses and associated infrastructure from a vendor through an arms-length transaction. After the arms-length transaction is completed, then they may elect to pass ownership as outlined immediately above.

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