

# Treasury Finalizes Tribal Tax Rules, Unlocking Clean Energy Investment and Strengthening Tribal Economic Sovereignty

*Long-awaited final IRS rules clarify tax status for Tribal entities and welfare programs, unlocking billions in clean energy financing*

WASHINGTON, DC, UNITED STATES, December 16, 2025 /EINPresswire.com/ -- The [Alliance for Tribal Clean Energy](#) welcomes the U.S. Department of the Treasury and Internal Revenue Service's issuance of two landmark sets of final regulations. One clarifies the federal tax status of entities wholly owned by Tribal governments, and the other finalizes regulations under the Tribal General Welfare Exclusion Act of 2014 (Section 139E). Together, these rules reduce regulatory uncertainty, expand pathways for Tribal-led clean energy development and strengthen Tribal economic sovereignty.

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*Dr. Crystal Miller, Head of Policy and Government Relations at the Alliance*

investment financing. These barriers were particularly acute for capital-intensive sectors such as clean energy development, community infrastructure and resilience programs. Treasury's final regulations provide clarity and certainty for Tribal entities' tax status and the income exclusion for Tribal general welfare benefits, offering Tribes tools to access affordable financing and to tailor community investments, as well as support fair access to energy solutions.

The final rules directly address these challenges by affirming that wholly owned Tribal entities share the Tribe's federal income tax status and by providing long-sought clarity that Tribal leaders, developers, utilities and financial partners need to move projects forward with confidence.

“These final rules are more than technical tax guidance. They are a foundation for Tribal economic self-determination,” said Dr. Crystal Miller, Head of Policy and Government Relations for the Alliance for Tribal Clean Energy. “By confirming that wholly owned Tribal entities are not

subject to federal income tax and by fully implementing the General Welfare Exclusion, Treasury has removed a layer of uncertainty that has held back Tribal clean energy projects for far too long. Sovereignty is not granted; it is exercised, and these rules acknowledge that reality by recognizing Tribal governments' inherent authority to govern their economies, invest in their citizens and lead the clean energy transition on their own terms."

The finalized Tribal entity tax status regulations confirm that entities wholly owned by Tribal governments, including those chartered under Tribal law and those owned by multiple Tribes, are not subject to federal income tax and share the tax status of their own Tribal governments. This clarity resolves decades of inconsistent treatment that impeded financing for Tribal enterprises, including Tribal utilities, energy authorities and project companies responsible for developing clean energy assets. For clean energy projects, which often require large upfront capital investments and long development timelines, this certainty can translate into lower costs of capital, improved access to financing and broader participation by lenders and institutional investors.

The Tribal General Welfare Exclusion (Section 139E) final regulations implement the Tribal General Welfare Exclusion Act of 2014 by clarifying how benefits paid under Tribal government programs, including for housing, support, workforce programs, energy resilience investments and other community benefits, are excluded from gross income for federal tax purposes if they meet statutory criteria such as non-discrimination, availability to all eligible members, not being lavish or extravagant and not being compensation for services. This guidance embeds statutory Tribal deference, recognizing that Tribes are best positioned to determine what benefits qualify as promoting general welfare and how programs should be structured. Revenue-generating clean energy projects, including photovoltaic and battery energy storage systems structured through Energy Service Agreements or other performance-based contracts, are generally supported through the clarified tax treatment of wholly owned Tribal entities, while Section 139E applies to downstream household and community energy benefits made possible by those projects.

"Clean energy projects significantly depend on regulatory and financing certainty," said Todd Halvorsen, Head of Project Finance & Structuring at the Alliance for Tribal Clean Energy. "These rules help level the playing field for Tribal governments and their enterprises, allowing Tribes to leverage their resources and expertise in ways that protect and steward their lands while building energy projects that serve their communities and contribute to regional and national energy goals."

Across Indian Country, Tribes are leading the deployment of solar, wind, geothermal, hydropower, storage and transmission projects, often in regions that have long been underserved by the energy system. Inconsistent tax treatment of Tribal entities historically increased transaction costs, created uncertainty for Tribal welfare and resilience programs that complement energy systems and deterred private-sector partners. By affirming both Tribal entity tax status and clarifying the Tribal General Welfare Exclusion, Treasury's final regulations

strengthen the viability of Tribal utilities, Tribal energy authorities and other wholly owned entities that develop, own and operate clean energy assets. Combined with the General Welfare Exclusion, the rules also support complementary investments in housing electrification, energy efficiency and community resilience that are essential to a just energy transition.

The final regulations reflect years of Tribal advocacy and consultation, including through the Treasury Tribal Advisory Committee, and demonstrate the importance of sustained Tribal engagement in federal rulemaking processes. The Alliance will continue working with Tribal Nations, federal agencies and financing partners to ensure that these final rules are effectively implemented and fully leveraged to advance Tribal clean energy priorities. The Alliance calls on federal agencies and Congress to build on this progress by aligning energy, tax and infrastructure policies with Tribal sovereignty and self-determination.

"When Tribes have clarity, certainty and respect for their sovereign authority, they deliver results for their citizens and the broader economy," Dr. Miller added. "These rules move us closer to an energy future where Tribal Nations are recognized as full partners and leaders."

#### About the Alliance for Tribal Clean Energy:

The Alliance for Tribal Clean Energy is an Indigenous-led 501(c)(3) nonprofit organization dedicated to supporting the self-determined efforts of Native American Tribes and Alaska Native Villages to transition to clean energy systems. Our mission is to help Tribes reduce poverty, strengthen climate resilience, and build thriving, sustainable economies while protecting Mother Earth for future generations. Founded in 2016, the Alliance is a 100% philanthropically funded organization offering catalytic funding and no-cost technical, financial, policy, education, and workforce services to Tribal Nations and Alaska Native communities advancing their clean energy goals.

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