

# Infrastructure funds battle gets more complex

Shift in fed priorities may alter outlook for stakeholders vying for funding

Ella Adams  
Apr 9, 2025

BOSTON, APRIL 9, 2025.....As state officials adapt to the torrent of Trump administration actions, a top Healey administration official gathered municipal and regional leaders together on Wednesday to discuss how they might leverage existing federal funds for infrastructure projects.

"We're obviously living through a period of time of great change in the federal funding landscape, and we, like you, are navigating this change as it comes out at a bewildering pace," Quentin Palfrey, director of the Massachusetts Federal Funds and Infrastructure Office, told attendees at Suffolk University's Sargent Hall.

It was the fifth stop on his office's statewide community tour. The tour is helping the office get information from outsiders and give it to communities facing challenges when attempting to secure federal matching funds, a goal of a 2024 state law that allows stabilization fund interest to be used to attract money.

"As you know, Massachusetts is engaged in litigation against the Trump administration, where we have seen freezes or rollbacks of federal funding investments that we believe Massachusetts is entitled to. At the same time, we are working to identify opportunities to move forward projects and to engage with federal partners where that is possible," Palfrey said.

Joined by Chris Osgood, senior advisor for infrastructure for the City of Boston, and Jonathan Schrag, deputy climate chief for the Healey administration, officials emphasized their reliance on coordination between community partners "as we look at the years ahead."

when we think about the federal landscape of this."

Schrag focused on municipal use of the Direct Pay program, an element of the Inflation Reduction Act (IRA). Trump in January signed an executive order revoking provisions of the major infrastructure bill; Attorney General Andrea Campbell subsequently led a number of states in urging Congress to safeguard the IRA.

Under a provision of the IRA, tax exempt and governmental entities, like municipalities, that don't owe federal tax are able to receive cash refunds for the full value of tax credits for building qualifying clean energy projects or making qualifying investments, Schrag explained.

"It was always an important element, and it has become more important as other elements of the Inflation Reduction Act and the bipartisan infrastructure law have come under stress, been rescinded, et cetera, from the new federal administration. This provision remains in effect," Schrag said. "Under current law, these tax credits exist for a decade until the end of 2032. They're calculated when the project goes into service — so when the electric vehicle is delivered, when the charging station is turned on, when the ground source heat pump is installed and operating in the school. And that can sometimes be three or four years from when the project starts."

Schrag said there's no budget set for the tax credits, which include projects like electric vehicle infrastructure, renewable energy production and energy investment. Palfrey told the News Service those municipal projects "play a really big role, in that some of these local projects are absolutely critical to meeting our climate goals."

Attendees asked how they should factor in federal status changes to grant programs when applying for grants; if the Direct Pay program could be altered by Congress in the coming years; and if groups who had planned around tax credits might see their funds rescinded before payment is made by the federal government.

"If you're talking about a project, if you've already filed and you're waiting for the refund, we have not heard yet that refunds have been stopped. That's just a fact," said Bob LaRocca, deputy director for FFIO.

Palfrey was not able to point to risk mitigation tactics in use, but said his office is in the process of hiring a consultant to lay out options.

Logan Casey, sustainability coordinator for the town of Marblehead, expressed uncertainty about how much municipalities can rely on Direct Pay in the wake of federal headwinds. Relying on the feds to reimburse costs for a new geothermal system that would help Marblehead meet climate goals, Casey said, requires convincing his colleagues and Town Meeting in May to borrow millions of dollars in an already unstable fiscal environment.

"It's difficult, because I'm also now convincing my colleagues that this program is actually worth looking into," Casey said. "If we had an administration that wasn't shutting everything down, it wouldn't be a conversation I'd be having right now."

Palfrey said the office is exploring potential tools to put programs like bridge lending in place.

"So can we lend money up front for Direct Pay-eligible projects to help kind of take that burden away from cities, towns and tribes that are eligible for these projects, and then maybe have the reimbursement come later, when the city and town has access to those tax cuts? It's definitely something that we're exploring," Palfrey said.

-END-

---

**Ella Adams**