Government Incentives for Data Center Services

How federal tax incentives can help your business grow

Growing demand for cloud computing, AI, and digital services is driving data center expansion. At the same time, rising construction, financing, labor, and energy costs are putting pressure on project economics. Federal tax incentives may help offset investments in facility development, energy projects, and technical innovation.

Federal Tax Opportunities

Section 48E Clean Electricity Investment Tax Credit
Offers credits of up to 50% for qualifying clean electricity generation and energy storage projects, including certain on-site energy investments.

Section 45Y Clean Electricity Production Credit
Rewards the production of qualifying zero-emissions electricity through a performance-based tax incentive.

Section 41 R&D Tax Credit
Applies to qualified development efforts involving software, cooling systems, power management, automation, facility design, and process improvements.

Section 179D Energy-Efficient Commercial Buildings Deduction
Allows deductions for qualifying investments in HVAC, lighting, and building envelope improvements.

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Client Success Stories

Geothermal Energy Credit Optimization

An organization installed one of the largest geothermal well-field systems in Tennessee as part of a major construction project. The system uses underground wells to provide efficient heating and cooling across the facility and qualified as clean energy property under Section 48.

Unlocking the Full Credit Value

- Project documentation increased the applicable credit rate from 6% to 30%
- Engineering analysis validated system capacity above one megawatt
- A detailed review of project costs, change orders, and commissioning expenses expanded the eligible energy basis by more than 7x

The Result

$8,333,378 in federal tax credits identified.

Solar Project

An organization developed a 204 MW utility-scale solar installation and sought to maximize the available Investment Tax Credit while ensuring compliance with prevailing wage and apprenticeship requirements.

Unlocking the True Credit Value

- Analyzed 56,873 labor hours across the project
- Identified opportunities to mitigate potential penalties and strengthen compliance
- Provided recommendations to align project activities with prevailing wage and apprenticeship standards, increasing confidence in claiming the available incentive

The Result

$75,550,000 in estimated Investment tax credits identified.

Turn Investment into Opportunity

alliant helps data center owners and operators evaluate capital projects, energy investments, and technical activities for available federal tax benefits. Our multidisciplinary team can identify potential opportunities, assess eligibility, and develop the documentation needed to support each position.

Schedule a complimentary assessment to uncover potential tax savings across your data center investments.

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