

# INTERNATIONAL UNION OF OPERATING ENGINEERS

LOCAL NO. 49, 49A, 49B, 49C, 49D, 49E, 49L  
MINNESOTA • NORTH DAKOTA • SOUTH DAKOTA

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2/23/24

CC:PA:LPD:PR (REG-117631-23)  
Room 5203, Internal Revenue Service  
P.O. Box 7604, Ben Franklin Station  
Washington, DC 20044

RE: Section 45V Credit for Production of Clean Hydrogen; Section 48(a)(15) Election To Treat Clean Hydrogen Production Facilities as Energy Property (REG-117631-23)

Thank you for the opportunity to submit comments on the Internal Revenue Service (IRS) notice of proposed rulemaking for the Section 45V credit for clean hydrogen production.

The International Union of Operating Engineers Local 49 (IUOE Local 49) is a construction labor union representing 15,000 members and their families in Minnesota, North Dakota, and South Dakota. Our members operate heavy equipment and perform construction and maintenance work across the energy industry and other sectors of the economy.

Our members are excited about the potential for growing a hydrogen economy in our region. The Department of Energy recently awarded a “hydrogen hub” to our region, with the goal of utilizing hydrogen to make green fertilizer and decarbonize other parts of our energy system. We also have companies actively looking at developing Minnesota’s abundant iron ore resources to make green steel, utilizing hydrogen in the production process. Because hydrogen infrastructure is similar to traditional fossil fuel infrastructure, it is a great opportunity for our members to utilize their skill and experience as part of the broader energy transition.

However, we are deeply concerned about the IRS proposed rules and their potential to stifle investments in hydrogen production. Overly strict matching and additionality requirements will have the impact of driving up costs of hydrogen production and likely lead to fewer projects being developed. Because hydrogen will primarily be used to offset the use of traditional fossil fuels, this will have the unintended consequence of preserving more fossil fuel usage into the

future. Furthermore, the proposed rules leave us vulnerable to competition from hydrogen production from the European Union.

The Inflation Reduction Act (IRA) and 45V tax credit is a significant opportunity to build out our hydrogen infrastructure and create good paying jobs for IUOE Local 49 members. Even more critical, these jobs would be located in rural areas of our region that are in desperate need of new industries. Overly strict additionality and hourly matching requirements have the potential to undermine this opportunity. We would strongly encourage the IRS to provide additional flexibility for hydrogen producers.

Respectfully,

A handwritten signature in black ink, appearing to read 'J. George', with a stylized flourish at the end.

Jason George  
Business Manager  
International Union of Operating Engineers  
Local 49