July 17, 2017

The Honorable Orrin Hatch
Chairman
Committee on Finance
United States Senate
Washington, DC 20510

The Honorable Ron Wyden
Ranking Member
Committee on Finance
United States Senate
Washington, DC 20510

Dear Chairman Hatch and Ranking Member Wyden:

Thank you for the opportunity to share the Business Council for Sustainable Energy’s views on federal tax policy issues in response to your June 16 letter requesting stakeholder input.

BCSE is a coalition of companies and trade associations from the energy efficiency, natural gas and renewable energy sectors, and also includes independent electric power producers, investor-owned utilities, public power, developers, commercial end users and service providers. Founded in 1992, the Council advocates for policies that expand the use of commercially-available clean energy technologies, products and services. These industries together support over 3 million jobs spread across every state and congressional district in the United States and are united around the revitalization of the economy and the creation of a secure and reliable energy future in America.

In the context of tax reform, BCSE members have a wide range of tax policy interests, but for the purposes of this submission the Council will focus on energy related elements. It is also important to note, that has a broad-based coalition not all Council members take a position or endorse the views offered below.

As you consider changes to the current tax code, it is critical that Congress formulate and enact stable, long-term tax policy frameworks that will support investment and job creation. As such, BCSE urges Congress to support legislation that provides durable tax policy. As you know, current law provides a mix of tax incentives for the production of energy and investment in plant property to a variety of technologies. While the Congress made significant inroads on tax policy at the end of 2015, much remains to be done in this important sector.

The 2016 spending bill enacted at the end of 2015 included a five-year extension of the Production Tax Credit (PTC) for wind power and a five-year extension of the Investment Tax Credit (ITC) for solar, with gradual ramp-down of these credits as well as language that will enable them to be used when construction is started on projects. Having stable tax policy for these industries is providing predictable market conditions and that are enabling them to create jobs, reduce costs and attract investment.

However, a number of tax incentives related to energy efficiency as well as incentives for non-wind and non-solar technologies that have accessed the PTC and ITC all expired on December 31, 2016. These include: combined heat and power, microturbines, fuel cells, small wind, biomass, geothermal, landfill gas, waste to energy, hydropower, marine and hydrokinetic. Please note that legislation has been introduced to address the non-solar ITC technologies by Senator Heller and Senator Carper (S. 1409) and legislation is under development to address the non-wind PTC technologies.

To maintain a diverse portfolio of beneficial energy technologies it is critical that Congress formulate and enact the stable, long-term tax policy framework that will support the deployment of the full scope of clean energy technologies in
a meaningful way. Tax incentives in the energy sector should be structured such that benefits are provided to all qualifying technologies in accordance with the energy, environmental and other public benefits they generate. Additionally, it is important that any such changes are made over a sufficient duration to provide investors with the confidence they need to proceed with major investments.

Therefore, BCSE recommends that Congress maintain the provisions related to the solar ITC and the wind PTC and immediately extend the incentives that expired on December 31, 2016 for the other eligible ITC and PTC technologies. Further, Congress should immediately extend the energy efficiency incentives that similarly expired at the end of 2016.

As Congress considers tax reform, maintaining business certainty for investment, job training and job creation is paramount. Tax reform should make the tax code more efficient, protect existing investments and provide an appropriate transition to new tax laws.

BCSE looks forward to working with you to achieve these objectives. For questions or further information, please contact Ruth McCormick on the Council’s staff at rmccormick@bcse.org.

Thank you for your consideration of this request.

Sincerely,

Lisa Jacobson
President