



September 7, 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:

On behalf of CRES Forum, I write in support of tax reform legislation that will assure stability in the clean energy market and provide the level-playing field and framework needed for long-term growth and continued success of this industry in the United States.

CRES Forum is a non-profit organization committed to educating the public and influencing the national conversation about clean energy. CRES Forum supports actionable, market-friendly, fiscally responsible clean energy solutions that grow jobs, strengthen the economy and protect our national security, while also helping to preserve our environment for future generations.

The clean energy industry, including energy efficiency, energy storage, natural gas electric generation, solar, wind, hydro, nuclear, electric vehicles, waste-to-energy, carbon capture technologies, biofuels and smart grid, is now a \$200 billion industry in the U.S., supporting more than 3 million workers. CRES Forum supports a tax framework to maintain America's competitive advantage in clean energy and ensure our leadership position in the growing global market.

CRES Forum requests the inclusion of the following provisions in tax reform legislation:

Maintain existing renewable energy Investment and Production Tax Credits (ITCs & PTCs) to assure near-term market certainty. Provide stability and certainty for businesses and investors by maintaining the existing tax credit framework for renewable energy ITCs and PTCs. Maintaining these tax incentives without alteration and with their current sunset dates provides certainty to investors, focuses businesses on bringing their technologies to scale at lower cost, and allows market dynamics within each sector to determine business success.

Ensure tax credit parity for emerging renewables, nuclear, and carbon capture storage (CCS). Comprehensive tax reform should provide time-limited relief for industries such as fuel cells, micro-turbines, combined heat and power systems, and other industries that show economic promise and environmental benefit. Legislation has been introduced that address these priorities, including:

- *Technologies for Energy Jobs and Security Act of 2017 (H.R. 1090 / S. 1409)*
- *Modifying Advanced Nuclear Power Tax Credit (H.R. 1551)*
- *2016 Carbon Capture Act (H.R. 4622, 114th Congress)*
- *Carbon Capture Utilization and Storage Act (S. 3179) (114th Congress)*

- and the *FUTURE Act of 2017 (S. 1535)*

While legislation has not been introduced to provide tax incentives for energy storage, this nascent market shows near-term promise and CRES Forum supports the inclusion of tax credits for energy storage in tax reform legislation.

Sunset tax credits for mature energy industries to assure a level playing field. No company or technology should be entitled to permanent subsidies. When left in place too long without adjustment, tax incentives distort price and market signals and create barriers to entry. Tax credits should remain in place only long enough to reach a measurable, market-based objective – getting emerging technologies to a point of sufficient maturity to stand on their own. As the sunset dates for solar and wind tax credits approach in the next few years they should be allowed to expire along with corresponding tax breaks for mature energy industries (e.g., coal, oil). This will assure fair and robust competition between energy types and assure that companies of all types pay their fair share in tax liability.

Reduce the corporate tax rate to at least 25 percent so that U.S.-based firms are more competitive internationally. The U.S. currently has one of the highest corporate tax rates in the world. It puts American businesses at an immediate disadvantage when competing abroad and inflicts tremendous compliance costs for corporations. Reducing the corporate tax rate to at least 25 percent would put the U.S. on par with other countries in the Organization for Economic Cooperation and Development and level the playing field for U.S. firms on the international marketplace. This is a key reform for businesses in the clean energy sector as the U.S. seeks to re-emerge as a global leader and grow exports.

Move from a global to a territorial system to improve U.S. competitiveness. Currently, U.S. businesses are taxed on a global basis, although the impact is muted by the ability to defer paying U.S. taxes on unrepatriated earnings. Nevertheless, the complicated rules prevent U.S.-based companies from fully and freely accessing their own capital without complicated tax planning. Furthermore, foreign companies have a tax advantage when competing with U.S. businesses for acquisitions or comarketing agreements. This reform would create a more level playing field for businesses to compete.

CRES Forum respectfully urges the implementation of these tax reforms so that U.S. clean energy businesses can succeed and grow in more competitive domestic and international markets.

Thank you for your consideration.

Sincerely,



Charles A. Hernick

Director Policy and Advocacy, CRES Forum

cc: Members of the Senate Finance Committee