December 8, 2010

Dear Senator/Congressman/President Obama:

On behalf of our millions of members, we strongly urge you to include critically needed clean energy tax incentives in the legislation you are considering. We also oppose Congress enacting energy provisions that, as a whole, cause environmental harm. It is our understanding that Congress and the administration are considering a bill that would include an extension of the corn ethanol tax credit, but not critically needed clean energy tax incentives. Such a package would not only harm the environment, but deliver a devastating blow to emerging clean energy industries, which create jobs and enhance America’s competitiveness.

Congress needs to extend the Section 1603 Convertible Renewable Tax Incentives for two years. The program provides grants in lieu of existing federal tax credits for renewable energy projects. Extending this program for two years will create 65,000 jobs in the solar industry alone. America cannot afford Congress pulling the plug on this program.

Congress also needs to 1) extend key building energy efficiency tax incentives (the Section 45L credit for efficient new homes, Section 45M credit for manufacturing of high efficiency appliances, and Section 25C credit for home efficiency improvements and equipment purchases), and 2) increase the total amount of tax credits available under the Section 48 advanced energy manufacturing credit by $5 billion. The Section 25C extension should not weaken the efficiency standards required to qualify for the credit and ensure that all taxpayers are eligible regardless of whether they claimed the credit in 2009 or 2010. These incentives are an essential federal investment needed to help retool America’s factories, save consumers money, and improve the environment.

Congress should not extend the Section 40 corn ethanol tax credit. An extension of this credit (officially called the Volumetric Ethanol Excise Tax Credit or “VEETC”) would cost more than $31 billion over five years—$6 billion next year alone—while generating little domestic corn ethanol production beyond what is already mandated by the Renewable Fuels Standard and creating few new jobs. Last year, corn ethanol received more than 70% of all federal tax incentives for all forms of renewable energy. Not only is the corn ethanol tax credit wasteful, but continuing to use scarce taxpayer dollars to support a mature, mainstream and polluting technology like corn ethanol will impede our ability to transition to the new, better-performing advanced biofuels we need.

Continuing the massive subsidy for corn ethanol while eliminating needed support for innovative clean energy technologies would take U.S. energy policy in precisely the wrong direction. Such a bill would provide handouts to an established enterprise that markets a product that drives environmental degradation and that already gets more than enough assistance from government mandates, while eliminating critically important support for newer, cleaner, and more struggling efforts.

The Congress should not, as one of its final acts take a giant step backward on U.S. energy policy,disadvantaging the very industries and technologies the U.S. needs to progress economically and environmentally.