

United States Senate
Committee on Finance



Sen. Chuck Grassley · Iowa
Ranking Member

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Grassley urges House to support wind energy tax credit, reject last year's effort to cap credit

WASHINGTON — Senator Chuck Grassley said today that while it's unlikely, he wants to make sure the House of Representatives doesn't repeat the failed effort it made last year to limit the wind energy production tax credit in an energy tax bill that members will consider next week.

Grassley was able to successfully push back on the House legislation in 2007 and establish a record of Senate support for the tax policy, and today he asked Congressman Bruce Braley of Iowa to weigh in with House leaders against another attempt to scale back the wind energy tax credit.

In a letter today, Grassley said there's not much time for members of the Iowa delegation to make their views known as it's just been made clear that the House will take up an energy tax package next week. Braley introduced legislation yesterday to extend the wind energy production tax credit for seven years. Grassley was the author of the legislation that created the credit in 1992, and has led congressional efforts to repeatedly extend this tax incentive, along with tax incentives for ethanol, biomass and biodiesel.

The text of Grassley's letter to Braley follows here.

February 8, 2008

The Honorable Bruce Braley
United States House of Representatives
1408 Longworth Building
Washington, D.C. 20515

Dear Bruce:

I had the chance to read your news release yesterday and want to say how much I appreciate your support for a lengthy extension of the wind energy production tax credit, known as Section 45 of the tax code.

Of course this tax policy is very important to me as the author of the first-ever wind energy production tax credit in 1992. I've been able to shepherd through Congress extensions of the credit I worked to create and know how vitally important tax certainty is to entrepreneurs and others developing new and innovative sources of energy. Unfortunately, with the new House rules requiring paygo, and the cost of a five-year extension of Section 45 being nearly \$11 billion, it's unlikely Congress will be able to extend my wind credit for more than a couple of years in the next extension.

I'm sending this letter today because of news reports this morning indicating that House leaders may schedule action – both in committee and on the floor – next week on an energy tax package. I'd rather sit down and talk with you about these issues, but there's so little time that I wanted to get word to you and others in the Iowa delegation right away about what's at stake with this legislative debate for wind energy in particular.

Last year, the House of Representatives approved an energy tax package that provided for a four-year extension of the wind energy production tax credit. This shorter-term extension is less than ideal, as you know, but what's worse, the House package would have gutted the policy by limiting the wind energy credit. The change would have prevented wind energy producing companies from getting the full current credit. I was able to successfully use my leverage to stop the House version of Section 45 last December with a procedural vote in the Senate that ensured the bill could be amended. The resulting Senate amendment to the House bill returned to the original uncapped structure of the wind energy credit for a two-year period, which wind energy producers in Iowa said was a better deal for both producers and consumers.

I want to do everything possible to make sure another effort to cap this credit is stopped. Although I believe our Senate action was heard loud and clear over in the House and another attempt to limit the wind energy production credit is unlikely, I urge you to make your views known directly to Ways and Means Committee Chairman Rangel.

Renewable energy can and does provide so much good for the state of Iowa and for the entire nation. It's good for national security. It's good for the environment. And it's good for jobs and the economy in rural America. Wind energy tax policy has been one of my most successful initiatives, and I look forward to your continued support for proven tax policies that help to develop wind and other home-grown sources of alternative energy.

Sincerely,

Chuck Grassley
United States Senator
Ranking Member, Committee on Finance