Congress of the United States
Washington, DC 20515

April 4, 2019

Richard E. Neal
Chairman
Committee on Ways & Means
1102 Longworth House Office Building
Washington, DC 20515

Dear Chairman Neal,

As the Committee develops its agenda for the 116th Congress, we're encouraged by the call to address our nation's infrastructure as one of the new majority's top priorities. There is strong, bipartisan agreement that we need to rebuild our crumbling infrastructure. From investments in transportation, harbors, ports and waterways to water systems and broadband, prioritizing infrastructure will help improve the health and welfare of millions of Americans and support good paying jobs.

An infrastructure package also marks an important opportunity to address the serious threat of climate change. A growing body of scientific evidence confirms this point. The latest report by the United Nation's Intergovernmental Panel on Climate Change (IPCC) and the latest installment of the U.S. Government's National Climate Assessment (NCA) both paint increasingly alarming pictures of the immediate and long-term consequences of climate change if we fail to act.

The costs of inaction are significant. The IPCC report estimates that a 1.5°C increase global temperatures will cost $54 trillion in today's dollars. Similarly, the Trump Administration's NCA estimates that climate change could slash up to 10 percent of gross domestic product by the end of the century, more than double the losses of the Great Recession a decade ago.

In the United States, the costs of natural disasters associated with a changing climate are on the rise. More frequent and severe wildfires, storms and droughts are costing taxpayers billions of dollars. 2017 was the costliest year on record for natural disasters. Hurricanes, droughts, and wildfires, all exacerbated by climate change, cost the U.S. economy at least $300 billion.

With these latest climate reports in mind as well as our shared interest in developing a thoughtful, comprehensive infrastructure package to support economic growth and address some of the most pressing challenges facing the country, we ask that the Ways and Means Committee not miss this opportunity to support the development of clean energy technologies. Simply put, investments in clean energy will help the U.S. reduce carbon pollution and prepare our communities for the damaging effects of rising sea levels, severe weather and catastrophic wildfires, all the while supporting innovation and job creation, positioning the U.S. to lead in a global clean energy economy.

Right now the U.S. tax system has over forty provisions that provide billions in subsidies, which are overly complex and provide different subsidies to similar technologies, many with no discernible rationale. It continues to provide permanent subsidies to polluting industries while leaving clean, renewable energy companies in the lurch, year after year. It has been over ten years since either tax-writing Committee has enacted legislation in the clean energy area. We should examine the existing provisions and explore ways to streamline them to be simpler and encourage increased efficiency and performance. These changes would drive investment and innovation in clean electricity, clean transportation, and energy efficiency – growing the economy and keeping costs low for consumers while accelerating the transition away from fossil fuels and improving our chances of seriously addressing climate change.

Absent bipartisan agreement on those comprehensive changes to our tax code, we respectfully request that your Committee include the following clean-energy tax policies in any upcoming tax legislation, including a possible infrastructure package:

- Continued incentives for wind and solar energy to continue to help the country transition to 100% clean energy. Such continued incentives should ensure a level playing field for both technologies. We would also encourage the Committee to consider allowing for the transferability of existing tax credits to other project partners as well as providing targeted incentives for more nascent technologies, such as offshore wind.
- Support further deployment of Section 45 renewable energy resources by restoring and continuing the credits that expired at the end of 2017.
- Investments in zero and low carbon technologies for homes and businesses alike, such as an extension of the Section 25D and Section 48 investment tax credits (ITC).
- Clarify the tax code for energy storage technologies, which are critical for the continued deployment and expansion of intermittent, clean energy technologies, such as wind and solar, and help modernize the electric grid to make it more efficient and resilient.
- Provisions to encourage cleaner modes of transportation, including tax incentives to continue to accelerate greater market penetration of electric vehicles and alternative fuel vehicles, such as the 30D and 30B credits. Under the current structure, several manufacturers have reached or will soon reach the 200,000 vehicle cap. We encourage the Committee to revise the per-manufacturer cap limitation in order to encourage greater adoption of alternative fuel vehicles in the marketplace. As well, the Committee should also include incentives for electric vehicle and alternative fuel charging/refueling infrastructure, such as the 30C credit, and additional policy changes to encourage such infrastructure at residential, commercial and industrial sites.
- Provisions encouraging energy efficiency, including performance-based tax incentives for new and existing homes and commercial buildings (which account for 40 percent of emissions), such as 25C or 179D.
- Policies and incentives to reduce industrial emissions, which accounts for more than twenty percent of our greenhouse gas emissions, including inclusion of waste heat to power technologies in the investment tax credit.
- Provisions to support the use of different fuels for home heating, such as biomass and wood pellet stoves. Such provisions could help rural areas switch to more renewable

sources of energy while providing additional markets for our nation's forest products industry.

- Lastly, we would encourage the Committee to support policies to continue to develop the next generation of biofuels and associated infrastructure to help further reduce emissions in the transportation sector.

We are cognizant that Congress last extended many of these clean-energy tax credits with the understanding that they would eventually begin to be phased out. However, for many of us who served in 2015 when that bipartisan, bicameral agreement was reached, the facts on the ground have now changed demonstrably. The latest extension and phase-out of these clean-energy tax credits were intended to serve as a bridge to the implementation of the EPA's Clean Power Plan (CPP), among a suite of other regulations and policies to reduce carbon emissions. This is no longer the case. The Trump Administration's efforts to undermine the CPP and other commonsense safeguards for new and existing power plants, relax fuel economy standards for cars and trucks, curtail potent methane emissions, and withdraw the United States from the Paris Climate Accords have fundamentally altered the framework by which the 2015 agreement was reached. As such, we would encourage the Ways and Means Committee to continue tax incentives for clean-energy technologies in order for the United States to remain on track to meet its commitments under the Obama Administration to the Paris Climate Accords.

We appreciate your consideration of this request and look forward to working with you and other Members of the Committee to advance common sense legislation that invests in home-grown clean energy.

Sincerely,

Haley M. Stevens
Member of Congress

Paul D. Tonko
Member of Congress

Jason Crow
Member of Congress

Debbie Mucarsel-Powell
Member of Congress

Mike Levin
Member of Congress

Frank Pallone Jr.
Member of Congress

Peter A. DeFazio
Member of Congress

Adam B. Schiff
Member of Congress

Jerrold Nadler
Member of Congress

John Yarmuth
Member of Congress

Jared Huffman
Member of Congress

Salud O. Carbajal
Member of Congress

Alan Lowenthal
Member of Congress

Darren Soto
Member of Congress

Debbie Wasserman Schultz
Member of Congress

Jan Schakowsky
Member of Congress

Alcee L. Hastings
Member of Congress

Derek Kilmer
Member of Congress

Jerry McNerney
Member of Congress

Steve Cohen
Member of Congress

Lloyd Doggett
Member of Congress

Marc Veasey
Member of Congress

Albio Sires
Member of Congress

Yvette D. Clarke
Member of Congress

Brenda Lawrence
Member of Congress

Tulsi Gabbard
Member of Congress

Juan Vargas
Member of Congress

Jeff Van Drew Member of Congress	**Mike Quigley** Member of Congress	**Debbie Dingell** Member of Congress
Suzanne Bonamici Member of Congress	**C.A. Dutch Ruppersberger** Member of Congress	**Ed Case** Member of Congress
Susan Wild Member of Congress	**Tony Cárdenas** Member of Congress	**Marcy Kaptur** Member of Congress
Katie Porter Member of Congress	**Jared Golden** Member of Congress	**Bobby L. Rush** Member of Congress
James P. McGovern Member of Congress	**Mark Pocan** Member of Congress	**Deb Haaland** Member of Congress
Harley Rouda Member of Congress	**Eleanor Holmes Norton** Member of Congress	**A. Donald McEachin** Member of Congress

Mark Takano Member of Congress	**Doris Matsui** Member of Congress	**TJ Cox** Member of Congress
Adriano Espaillat Member of Congress	**Katie Hill** Member of Congress	**Jennifer Wexton** Member of Congress
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Joe Courtney Member of Congress	**Mark DeSaulnier** Member of Congress	**Susie Lee** Member of Congress
James R. Langevin Member of Congress	**Colin Allred** Member of Congress	**Nydia M. Velazquez** Member of Congress

Elissa Slotkin
Member of Congress

Raja Krishnamoorthi
Member of Congress

Anna G. Eshoo
Member of Congress

Ted Deutch
Member of Congress

Diana DeGette
Member of Congress

Andy Levin
Member of Congress

Jesús G. "Chuy" Garcia
Member of Congress

Gilbert R. Cisneros, Jr.
Member of Congress

Gerald E. Connolly
Member of Congress

Chrissy Houlahan
Member of Congress

M.C.
Lucy McBath
Member of Congress

Joe Neguse
Member of Congress

Gregory W. Meeks
Member of Congress

Ed Perlmutter
Member of Congress

Cedric Richmond
Member of Congress

Lucille Roybal-Allard
Member of Congress

Abigail D. Spanberger
Member of Congress

Peter Welch
Member of Congress

Cindy Axne
Member of Congress

Karen Bass
Member of Congress

Mike Doyle
Member of Congress

Hakeem Jeffries
Member of Congress

Joseph D. Morelle
Member of Congress

Ami Bera, M.D.
Member of Congress

Lisa Blunt Rochester
Member of Congress

Matt Cartwright
Member of Congress

John P. Sarbanes
Member of Congress

Chellie Pingree
Member of Congress

Chris Pappas
Member of Congress

Cedric Richmond
Member of Congress

Cheri Bustos
Member of Congress

Ruben Gallego
Member of Congress

Ted W. Lieu
Member of Congress

Elaine G. Luria
Member of Congress

Filemon Vela
Member of Congress

Robin L. Kelly
Member of Congress

Max Rose
Member of Congress

Bill Foster
Member of Congress

Katherine Clark
Member of Congress

Rick Larsen
Member of Congress

Jimmy Panetta
Member of Congress

Kathleen M. Rice
Member of Congress

Jamie Raskin
Member of Congress

Antonio Delgado
Member of Congress

Andy Kim
Member of Congress

Susan A. Davis
Member of Congress

Daniel W. Lipinski
Member of Congress